

# **E.SUN FINANCIAL HOLDING CO., LTD.**

## **GENERAL SHAREHOLDERS MEETING 2023**

### **Meeting Minutes**

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.)

Time: 09:00 AM, 9 June 2023 (Friday)

Place: The Taipei Herohouse  
(No.20, Sec. 1, Changsha St., Taipei City, Taiwan)

Means of Holding : visual communication assisted shareholders meeting

(physical shareholders meeting supported by video conferencing)

Virtual Meeting Platform : Adopt the Virtual Meeting Platform of Taiwan Depository & Clearing Corporation (TDCC)

**【<https://www.stockvote.com.tw>】**

Attendance: Total shares represented by the shareholders present at the meeting in person or by proxy are 8,798,986,677 shares (including 7,577,663,702 shares represented by the shareholders by electronic voting method), representing 61.64% of the total issued shares of the Company (14,275,100,000 shares).

Attending without the right to vote:

Director: Joseph N.C. Huang (Convener of the Board Risk Management Committee), Jackson Mai, Ron-Chu Chen, Chien-Li Wu, Magi Chen, Mao-Chin Chen

Independent Director: Ryh-Yan Chang (Convener of the Audit Committee), Chun-Yao Huang (Convener of the Remuneration Committee), Ying-Hsin Tsai (Convener of the Corporate Governance and Nomination Committee), Hung-Chang Chiu, Ruey-Lin Hsiao

Yang, Chen-Hsiu, CPA from Deloitte & Touche, Taiwan

Bo-Cen Lu, Attorney-at-Law from Baker & McKenzie, Taipei

Chairperson: Yung-Jen Huang, Chairman of the Board of Directors

Minutes taken down by Mei-Cheng Chu

### **I. Procedure of meeting**

**1. Meeting duly commences in session.**

**2. General greetings.**

**3. Address by Chairman.**

## II. Matters for report

1. Report on the state of business of the Company in fiscal year 2022 by the President.

Decision: Report noted.

The shareholder with A/C No. 452338 raised questions virtually :

- 1 At present, many of Taiwan's private financial holding companies are confronted with the challenge of succession. E.SUN stands out as the only paradigm composed of professional managers without specific family backgrounds to speak of. It is also home to many talented people. I suggest that outstanding mid-ranking managers are brought into the board of directors, thereby enabling the Company to sustain its success and move up another rung.

Answer: Thanks for the suggestion. We'll work even harder.

2. Is there a chance for E.SUN to establish branches in Korea, considering its current focus on developing the Asian market? And are there potential opportunities for expansion into the European market? To date only Taiwan's government-controlled financial holding companies have set up European branches. I hope E.SUN can also follow suit. If TSMC goes ahead to set up a fab in Europe, many of its suppliers will certainly go there as well. An E.SUN European branch would be able to serve them accordingly. Moreover, E.SUN was rated as Taiwan's No. 1 wealth management bank last year. Hopefully it can take its lead from Europe's top wealth management banks, such as BNP Paribas, UBS, and UniCredit.

Answer: E.SUN has long focused on asserting itself both domestically and overseas. At present, it operates 30 outlets in 10 countries or regions. The Fukuoka Branch is due to become operational in the second half of this year. E.SUN will consider further overseas expansion going forward.

2. Report on the inspection and auditing of the final account for fiscal year 2022 and communications with internal auditing officers by the Audit Committee.

Explanation:

- (1) The Company's financial statements for 2022 were audited by the Audit Committee, and all the independent directors jointly issued an audit report thereof.
- (2) The communication between the Audit Committee and the internal audit supervisor is as follows:

Date	Object	Issues to communicate	Result
January 12, 2022	General Auditor	Submission of the 2021 Q4 audit working papers.	1.Explain and exchange opinions on issues raised by independent directors. 2.Duly noted without further recommendations.
April 18, 2022	General Auditor	Submission of the 2022 Q1 audit working papers.	1.Explain on issues raised by independent directors. 2.Duly noted without further recommendations.
August 17, 2022	General Auditor	Submission of the 2022 Q2 audit working papers.	Duly noted without further recommendations.
November 09, 2022	General Auditor	Submission of the 2022 Q3 audit working papers.	Duly noted without further recommendations.
		Submission of the 2023 audit plan.	The plan was passed by a vote and no other recommendation.
November 09, 2022	General Auditor and other auditors	Discussions on internal/external audit related matters.	1.Explain and exchange opinions on issues raised by independent directors. 2. Proceed as recommended.

Decision: Report noted.

### 3. Report on the company's project for promoting sustainable development.

Explanation:

- (1) This report is made in accordance with the Sustainable Development Best Practice Principles, Article 5.
- (2) To fulfill its social responsibility as well as sustainable development, the Company, with a long-term commitment and systematic measures, endeavors to focus on 6 major tasks: corporate governance, sustainable finance, climate change, environmental sustainability, protection of human rights, and charities. A summary of the report is as follows:

#### 2.1 Corporate Governance

##### 2.1.1 Corporate Governance :

Based on the important measures stipulated in Financial Supervisory Commission's "Corporate Governance 3.0 -Sustainable Development Roadmap" and "Green Finance Action Plan 3.0," E. SUN will continue to review the implementation of each project managed by corporates and assist subsidiaries with their Board of Director's meetings and corporate governance.

##### 2.1.2 Cyber Security :

Improved cyber resilience and introduced ISO 27701 and ISO 22301 international standards as benchmarks, and expanded the scope of the verification for personal data protection management systems. Improved the information security incident response system between the FHC and its subsidiaries, strengthened cloud cyber security risk management, and ensured continuity of operations.

##### 2.1.3 Anti-Money Laundering :

Continued to improve AML/CFT mechanism, monitor international trends and new forms of transactions, and combined smart technology to improve the accuracy of risk identification and the efficiency of AML in Taiwan and overseas. In addition, risk awareness among all employees are enhanced through education and training and supervisor system.

##### 2.1.4 Fair Customer Treatment and Customer Experience:

Continued to promote friendly service measures, provide appropriate financial services to disadvantaged consumers, and ensured implementation of on-site audits performed by undercover employees. Continued to improve E. SUN services and processes based on the customer experience and established a sound two-way communication mechanism.

#### 2.2 Sustainable Finance

##### 2.2.1 Responsible lending and responsible products :

In response to the National Development Council's 2050 Net Zero Strategy, E.SUN

actively engaged with customers and provided sustainability consulting services to assist corporates in achieving their carbon emissions reduction targets through net-zero transitions. E.SUN launched sustainable living, clean mobility, produced relevant green products sustainably, and encouraged small corporates and individuals to adapt to sustainable living.

#### 2.2.2 Responsible Investment :

Fulfilled stewardship responsibilities for institutional investors, integrated ESG factors into the investment analysis and decision-making process, focused on sustainable investment and impact investing, extended positive financial influences, and built an investment portfolio that achieves a win-win situation for the environment, society, and corporate governance.

#### 2.2.3 Inclusive Finance:

Utilized the power of technology to improve the customer experience, and combined promotion with the digital brand e.Fingo to provide customers with more convenient digital services. E.SUN actively supported small and micro enterprises and continued to collaborate with local governments and Taiwan Regional Revitalization Foundation to drive the upgrading and transformation of local specialty industries. E.SUN developed diverse trust services to assist in solving elderly care issues in an aging society.

### 2.3 Climate change

#### 2.3.1 Climate Governance :

E.SUN actively practiced the Coalition of Movers and Shakers on Sustainable Finance and responded to the Green Finance Action Plan 3.0. It enhanced its climate change risk management mechanism, improved its ability to respond to climate-related opportunities and risks, and assisted financial industries in advancing toward net zero by 2050. By providing education and training, E.SUN increased professional knowledge on climate for all supervisors and employees, developed mitigation and adaptation measures, and promoted stable development of the business.

#### 1.3.2.Actions to reduce carbon generated from investment and financing :

E.SUN followed ISO 14064 standards to report Scope 3 greenhouse gas emissions generated from investment and financing activities. It also complied with carbon reduction targets of SBT to adjust its investment and financing strategies. E.SUN assisted industries in advancing toward net-zero transition through sustainability consulting services and customer engagement. E.SUN will gradually reduce investment and financing positions related to coals and unconventional fossil fuels to achieve phase-out commitment by 2035.

### 2.4 Environmental Sustainability

#### 2.4.1 Carbon reduction in the operating environment :

E.SUN followed the SBT and RE100 targets and implements energy conservation and carbon reduction measures of Scopes 1 and 2, which included replacing old and energy-consuming equipment, constructing green buildings, and installing electric vehicle charging stations. It also gradually achieved the goal of using 100% renewable energy at domestic and overseas locations by 2040 through the installation of solar power generation equipment, procurement of green energy certificates, and signing of renewable energy power purchase agreements. Introduced digital energy management systems to actively promote water conservation, energy conservation, and waste reduction.

#### 2.4.2 Promoting biodiversity :

E.SUN closely follows issues of ecological conservation across the globe and in Taiwan. A systematic approach has been undertaken to improve biodiversity with joint efforts of the government, industry, and academia. The actions include Maravi organic rice cultivation, revitalizing small millets, rescuing injured sea turtles, holding environmental education lectures on polar bears, afforestation, and beach clean-up activities.

### 2.5 Protection of human rights

#### 2.5.1 Employee Care and Friendly Workplace:

Built an equal, diverse, friendly, and safe workplace environment, created gender-neutral systems and measures, and valued and listened to the voices of employees through a variety of communication channels. In response to the post-pandemic era, E.SUN provides more comprehensive benefits planning and employee care measures that meet their needs, including flexible working shifts and improving overseas medical care insurance systems.

#### 2.5.2 Talent Cultivation and Development:

Continued to enhance strategic talent development and employee sustainability transitions, combining offline and online hybrid learning to cultivate managerial talent with expertise in financial services, technology, and sustainable development and build a resilient team. Based on the performance of duties, E.SUN implemented differentiation in talent management through comprehensive evaluations and rotational programs for talent cultivation to promote sustainable development of the Company and employees.

### 2.6 Social Welfare & Charity

#### 2.6.1 Education:

The E.SUN Golden Seed Project has established 8 E.SUN libraries, providing schools

with long-term resource maintenance, organizing reading activities, cultivating story reading volunteers, and holding digital thematic reading exploration fairs to improve students' reading literacy. Implemented "holding hands in English and companions for learning" in 30 elementary schools to improve the English proficiency of students in rural areas. Engaged in industry-academia collaboration with 46 universities to cultivate talent with an expertise in finance, AI, and FinTech, and provided the Outstanding Management Talent Scholarship, ASEAN Talent Scholarship, and Nursing Talent Scholarship to cultivate more outstanding young students.

#### 2.6.2 Community :

Invested in anti-drug education and provided care for children and support disadvantaged youth and their families by implementing mobile anti-drug education tours and establishing counseling rooms for children. The Concern for Schoolchildren Program aimed to assist over 12,000 underprivileged students or students who encounter unforeseen events this year. Co-organized blood donations, free clinics internationally and in rural areas and other public welfare activities together with partners.

#### 2.6.3 Sports :

Organized the E.SUN Cup International AAA Baseball Tournament for 17 consecutive years, and organized youth baseball training camps, protection camps, and subsidies for baseball teams in rural areas, in order to support the development of grassroots baseball in Taiwan. E.SUN co-organized the E.SUN Juguang Cup with the Volleyball Association to cultivate more outstanding players and supported the participation of Taiwan's national team in international tournaments, such as the U18~U20 World Cup, helping the sports in Taiwan gain international recognition.

#### 2.6.4 Arts and Humanities :

E.SUN conveys truth, goodness, and beauty through music and art. The Company organizes E.SUN Awards, Music Concert for Mothers, Taiwan-Japan Friendship Concerts and supports the 12 Cellists of the Berlin Philharmonic, the Vienna Boys' Choir, and other international art groups performing in Taiwan. E.SUN collaborates with national performing arts venues to hold activities such as Let's Go to the Theater, Play ARTs workshop Theater to support quality arts and expose the wider community to cultural sophistication.

- (3) The foregoing programs may, if the circumstance required or if needed, be adjusted by the Chairman or its designated person on the basis of the environment or special needs.

Decision: Report noted.

4. The status of remuneration distribution to employees and directors.

Explanation:

- (1) This proposal is made in accordance with Article 36 of the Articles of Incorporation of the Company.
- (2) Prior to remuneration distribution to employees and directors, the Company's pretax profit for 2022 was NT\$15,655,209,217. After deducting the accumulated deficit to be offset set aside in advance of NT\$423,000,767, the net profit before tax after losses have been covered and before distribution is NT\$15,232,208,450. In accordance with the ratios in the Articles of Incorporation, employee compensation (2%~5%) was NT\$455,764,841 (including stock and cash compensation), and director compensation (not exceeding 0.9%) was NT\$65,000,000 in cash.
- (3) The remuneration distribution of employees is NT\$ 455,764,841. In accordance with Financial Supervisory Commission regulations Jin-Guan-Zheng-Shen-Zi No. 1050001900 of January 30, 2016, calculation of the foregoing number of allocated shares shall be made on the basis of the closing price NT\$25.40 per share on the day before the Board resolution. The number of shares allocated is 17,900,000 shares, the employee stock remuneration is NT\$454,660,000, and the employee cash remuneration is NT\$1,104,841.

Decision: Report noted.



## 5. Report on directors' and managers' remuneration policy.

### Explanation:

- (1) The Company decides on director remuneration in accordance with its Articles of Incorporation and the E.SUN FHC Rules for Director Remuneration. All remuneration proposals are presented to the Remuneration Committee for review before board approval is sought.
- (2) Linking director remuneration to business performance in tandem with related policy, the Company takes an overall look at the total amount of such remuneration, way of payment, and future risks. The Company caps the growth rate in director remuneration for any given year at that recorded a year earlier in the event of a substantial net profit decline. To establish a mechanism for better linking director remuneration to personal performance and the Bank's future risks, specific ratios are set for a number of "personal performance" indicators that weigh on director remuneration. Also clearly spelled out is the provision that the Board of Directors may resolve to cut back or recover director remuneration if any director is determined to have been involved in a moral hazard event or otherwise undermined the Company's public image and reputation. On January 22, 2021, the Company decided that director remuneration shall be withheld if any director concurrently holds managerial positions at the Company and its subsidiaries; this was put into force from the distribution of director remuneration for 2020.
- (3) In accordance with the Company's Regulations for Remuneration of Managers, the performance review of 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. 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 considered. Such remuneration is granted with salary levels of the Company, industry peers, and the market at large also taken into account. Meanwhile, a reward deferral mechanism is implemented in accordance with the Company's Regulations for Long-Term Incentives so that the remuneration of managers can be linked to the Company's business performance more closely. 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.

(4) The Company's 2022 remuneration ranges for inside and independent directors are as follows:

Unit: NT\$

Bracket	Name of Directors			
	Total Remuneration of Directors		Total Remuneration of Directors Concurrently Serving as Employees	
	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements
Under 1,000,000	Chairman of E.SUN Bank Joseph N. C. Huang, Magi Chen, Mao-Chin Chen	Magi Chen, Mao-Chin Chen	Mao-Chin Chen	
1,000,000 (inclusive)-2,000,000 (not inclusive)				
2,000,000 (inclusive)-3,500,000 (not inclusive)				
3,500,000 (inclusive)-5,000,000 (not inclusive)	Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu),	Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu),	Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu),	Fu-Yuan Investment Co., Ltd. (Representative Rong-Chu Chen), Shang Li Car Co., Ltd. (Representative Chien-Li Wu),
5,000,000 (inclusive)-10,000,000 (not inclusive)	E.SUN Culture and Education Foundation (Representative Joseph N. C. Huang), Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Independent Director Ryh-Yan Chang, Independent Director Chun-Yao Huang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao	E.SUN Culture and Education Foundation (Representative Joseph N. C. Huang), Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Independent Director Ryh-Yan Chang, Independent Director Chun-Yao Huang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao	E.SUN Culture and Education Foundation (Representative Joseph N. C. Huang), Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Independent Director Ryh-Yan Chang, Independent Director Chun-Yao Huang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao	E.SUN Culture and Education Foundation (Representative Joseph N. C. Huang), Hsin Tung Yang Co., Ltd. (Representative Jackson Mai), Independent Director Ryh-Yan Chang, Independent Director Chun-Yao Huang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao

Bracket	Name of Directors			
	Total Remuneration of Directors		Total Remuneration of Directors Concurrently Serving as Employees	
	The Company	Companies in consolidated financial statements	The Company	Companies in consolidated financial statements
10,000,000 (inclusive)- 15,000,000 (not inclusive)			Chairman of E.SUN Bank Joseph N. C. Huang	
15,000,000 (inclusive)- 30,000,000 (not inclusive)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang)	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), Chairman of E.SUN Bank Joseph N. C. Huang	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), Magi Chen	E.SUN Volunteer & Social Welfare Foundation (Representative Yung-Jen Huang), Magi Chen, Mao-Chin Chen
30,000,000 (inclusive)- 50,000,000 (not inclusive)				Chairman of E.SUN Bank Joseph N. C. Huang,
50,000,000 (inclusive)- 100,000,000 (not inclusive)				
Over 100,000,000				
Total	13	13	13	13

Decision: Report noted.

### III. Matters for ratification

Proposal No. 1 as proposed by the Board of Directors:

**Proposal:** Recognition of the Company's business report and financial statements for fiscal year 2022.

Explanation:

1. This proposal is made pursuant to Article 230 of the Company Act and Article 35 of the Articles of Incorporation of the Company.
2. The financial statements of the Company produced on the year 2022 certified by Mr. Chen-Hsiu Yang and Mr. Kuan-Hao Lee, both of whom were CPA of Deloitte & Touche (Taiwan). A due diligence report with unqualified opinions was issued. The above financial statements and the 2022 business report have been reviewed by the Audit Committee and deemed to be in compliance, and a review report has been issued. (Please refer to Appendix 1 and 2 on p.26~p.41 of this Handbook.)

Resolution: This proposal is approved by vote as following. There are more than half of the shares represented by the shareholders present approving the proposal, as a result, chairman declared this proposal is approved by vote.

( ) voting by virtual and electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion		
8,798,955,483	7,819,847,139	88.87%	16,291,088	962,817,256
(virtual 51,424) (electronic 7,577,663,702)	(virtual 1,221) (electronic 6,607,195,610)		(virtual 0) (electronic 15,655,534)	(virtual 50,203) (electronic 954,812,558)

Proposal No. 2 as proposed by the Board of Directors:

**Proposal:** Proposal of net income distribution for fiscal year 2022.

Explanation:

1. The proposed is in accordance with Article 36-1 of the Articles of Incorporation of the Company.
2. For the year 2022, the Company has NT\$15,758,999,979 in after-tax net income that, minus NT\$430,959,974 for items other than the after-tax net profit for the current period, amounts to NT\$15,328,040,005. Minus an NT\$1,532,804,001 legal reserve deduction and an NT\$4,293,021,103 special reserve deduction from the year's "Other Equity Interest" pursuant to Article 41 of the Securities and Exchange Act and plus the undistributed earnings of NT\$7,959,207 at the beginning of the period, the Company has an amount of NT\$9,510,174,108 in earnings distributable for the year. It is planned to distribute earnings totaling NT\$8,565,020,000, where share dividends will be circa NT\$ 0.38 per share (totaling NT\$5,710,000,000) while cash dividends will be circa NT\$0.19 per share (totaling NT\$2,855,020,000). The balance of NT\$945,154,108 is retained as non-distributed earnings as of the end of the period.
3. A total of 571,000,000 common shares shall be issued to accommodate distribution of the said share dividend. Shareholders recorded in the shareholders' register as of the record date shall be entitled to 38 shares for every 1,000 held. Fractional shares may be paired with one another, held by other shareholders, into a whole share within the specified time period. For shares remained factional with or without being paired, upon expiration of the said period, cash will nevertheless be paid according to their par value (and rounded to the nearest full Taiwan Dollar) and the Chairman is authorized to look for specified persons to buy the fraction of shares according to the face value.
4. The cash dividend being distributed shall be rounded off proportionately to the nearest Taiwan dollar; where there is any cash dividends less than TWD 1, its calculation shall be adjusted in line with a progressive decrease in decimal numbers and a progressive increase in shareholder numbers so that the total of dividend distribution is fully accounted for.
5. It is proposed that the Chairman of the Company would be fully authorized to deal with matters in connection with the change (if any) to the stock (cash) dividend ratio distributable to shareholders as a result of a change in the total outstanding shares of the Company arising from any reasons.

6. Subject to approval of the shareholders' meeting, the Board of Directors and /or the chairman of the Company is authorized to determine the cash dividend record date. Upon approval of the competent authority, the Board of Directors and /or the Chairman of the Company is authorized to determine the stock dividend record date.

Resolution: This proposal is approved by vote as following. There are more than half of the shares represented by the shareholders present approving the proposal, as a result, chairman declared this proposal is approved by vote.

( ) voting by virtual and electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion		
8,798,955,483	7,840,594,793	89.11%	18,209,473	940,151,217
(virtual 51,424) (electronic 7,577,663,702)	(virtual 1,221) (electronic 6,627,943,264)		(virtual 0) (electronic 17,171,717)	(virtual 50,203) (electronic 932,548,721)

**E.SUN FINANCIAL HOLDING CO., LTD.****PROPOSED DISTRIBUTION OF EARNINGS**

As of 31 December 2022

Unit: NT\$

Balance of beginning undistributed earnings		7,959,207
After-tax net profit of this period	15,758,999,979	
Retained earnings from confirmed benefit plan re-assessment number	3,517,689	
Retained earnings from the adjusted investments due to employing the equity method	(434,477,663)	
The total amount of after-tax net income for the period and other items adjusted to the current year's undistributed earnings other than after-tax net income for the period		15,328,040,005
Ten percent (10%) to be recorded as legal reserve		(1,532,804,001)
Allocation for special reserve		(4,293,021,103)
Distributable earnings for the period		9,510,174,108
Distribution items:		
Stock dividend (circa NT\$0.38 per share)	(5,710,000,000)	
Cash dividend (NT\$0.19 per share)	(2,855,020,000)	
Total shareholders' bonuses		(8,565,020,000)
Profit undistributed as of the end of the period		945,154,108

Note: Dividend distribution shall be based on after-tax earnings for the year as a first priority.

## IV. Matters for discussion

Proposal No. 1 as proposed by the Board of Directors:

**Proposal:** For the purpose of increasing the BIS ratio of the Company in consideration of the Company's long-term development and operation, it is proposed to implement a capital increase by recapitalization of both earnings and employee compensation.

Explanation:

1. Amount of the capital increase and number of shares:

The Company currently has NT\$150,751,000,000 in paid-in capital from a total of 15,075,100,000 issued shares. It is proposed that 571,000,000 new shares be issued on the amount of NT\$5,710,000,000 which is the profit distributable to shareholders as dividend; while employee compensation of NT\$455,764,841 included cash and stock remuneration, where, in accordance with Financial Supervisory Commission regulations Jin-Guan-Zheng-Shen-Zi No. 1050001900 of January 30, 2016, calculation of the foregoing stock compensation shall be made on the basis of the closing price NT\$25.40 per share one day prior to the day on when the Board resolution is made. A total of 17,900,000 new shares were issued. The foregoing recapitalized earnings totaled NT\$5,889,000,000 and 588,900,000 shares with a face value of NT\$10 per share were issued. After recapitalization, the Company's paid-in capital increased to NT\$156,640,000,000, and 15,664,000,000 shares were issued.

2. Source of the fund proposed to be capitalized:

Shareholder stock bonuses and employee stock bonuses from fiscal year 2022 will be recapitalized.

3. Purpose of the fund from the capital increase:

The increased capital fund will be used to increase the BIS ratio of the Company in consideration of the Company's long-term development and operation and strengthened competitiveness of the Company.

4. Issuance of new shares:

It is proposed that the new shares be issued in full with a par value of TWD 10 per share. Holders of the new shares shall hold the same rights and bear the same obligations as the holders of the original issued shares.



5. 571,000,000 shares of the new shares to be issued on the capital increase proposed shall be distributed, with no consideration paid, to the shareholders as registered in the shareholder's roster at the rate circa 38 new shares on each 1,000 shares held in proportion to their shareholding. Fractions of a share may be combined for full shares with the fractions of shares held by other shareholders within the specified time period. Upon expiration of the specified time period or fractions of a share still remain, cash will be paid according to the par value (and rounded to the nearest full Taiwan Dollar) and the chairman of the Company would be authorized to look for specified persons to buy the fraction of shares according to the par value.
6. Stock Dividend Record Date:  
  
After the proposal is adopted after deliberations and regulatory approval is granted, the Board of Directors and/or Chairman shall be authorized to decide on making it public.
7. As of now, the outstanding shares of the Company amount to 15,664,000,000 in total. It is proposed that the chairman of the Company would be authorized with full powers to deal with matters in connection with the change (if any) to the stock (cash) dividend ratio distributable to shareholders as a result of a change in the total outstanding shares of the Company arising from any reasons.

Resolution: This proposal is approved by vote as following. There are over two-thirds of the shares represented by the shareholders present approving the proposal, as a result, chairman declared this proposal is approved by vote.

The shareholder with A/C No. 896007 raised questions virtually : Has vote-counting started yet?  
The master of ceremonies has yet to make an official announcement.

Answer: It is now in progress. Your patience is much appreciated.

( ) voting by virtual and electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion		
8,798,955,483	7,795,218,773		13,727,938	990,008,772
(virtual 51,424) (electronic 7,577,663,702)	(virtual 1,221) (electronic 6,582,567,244)	88.59%	(virtual 0) (electronic 13,044,521)	(virtual 50,203) (electronic 982,051,937)

## V. Election

Proposed by Board of Directors

**Proposal:** That the 12 members of the 8<sup>th</sup> Board of Directors of Company be elected by this shareholders meeting each to serve the office term of three years from 9 June 2023, the date of convention of this shareholders meeting.

Explanation:

1. The election is proposed under Articles 19 and 19-1 of the Articles of Incorporation of the Company.
2. The Company will have 9~13 directors. Each director will serve an office term of three years and may be re-elected. It is planned to reelect 12 directors, including 5 independent directors, for the 8<sup>th</sup> term Board of Directors.
3. The shareholders meeting this year (2023) will elect the members of the 8th Board of Directors of the Company with the director elects each to serve the office term from 9 June 2023 (election day) through 8 June 2026. However, the actual office term will expire until the election of the members of the 9th Board of Directors.
4. The director(s) of the Company shall be elected in accordance with the Rules Governing the Election of Directors of Company under the relevant laws and regulations.

Director elects:

A/C no. for independent director	Title	Name	Weighted votes (by virtual voting) (by electronic voting)
1	Director	E.SUN Foundation Representative: Joseph N.C. Huang	11,987,702,710 (-) (10,145,795,964 shares)
8	Director	Hsin Tung Yang Co., Ltd. Representative: Jackson Mai	8,967,617,820 (-) (6,619,423,875 shares)
123662	Director	Fu-Yuan Investment Co., Ltd. Representative: Wei-Han Chen	8,736,361,200 (-) (6,637,968,796 shares)
16557	Director	Shang Li Car Co., Ltd. Representative: Chien-Li Wu	8,051,156,400 (-) (6,612,910,352 shares)
3515	Director	Magi Chen	5,884,196,220 (-) (5,882,229,089 shares)
3215	Director	Mao-Chin Chen	5,684,199,840 (-) (5,681,332,409 shares)

A/C no. for independent director	Title	Name	Weighted votes (by virtual voting) (by electronic voting)
3995	Director	Lung-Cheng Lin	5,646,087,552 (-) (5,645,623,667 shares)
66710	Independent director	Ryh-Yan Chang	6,081,192,600 (-) (4,533,787,773 shares)
66556	Independent director	Chun-Yao Huang	5,944,151,640 (-) (4,547,861,125 shares)
66711	Independent director	Ying-Hsin Tsai	5,927,021,520 (-) (4,810,494,516 shares)
66708	Independent director	Hung-Chang Chiu	5,918,456,460 (-) (4,563,377,194 shares)
66709	Independent director	Ruey-Lin Hsiao	5,909,891,400 (-) (4,566,237,158 shares)

Candidates of Independent Director and Director of E.SUN Financial Holding Co., Ltd.

No.	Title	Name	Gender	Education	Professional experience	The Company's Shares Holding (Notes) (Unit: shares)
1	Director	Representative of E.SUN Foundation Joseph N.C. Huang	Male	MBA of the City University of New York	Current: Chairman of E.SUN Bank. Experience: President of E.SUN FHC and E.SUN Bank, Chairman of E.SUN Bank(China)	22,995,611
2	Director	Representative of Hsin Tung Yang Co., Ltd. Jackson Mai	Male	Kai-Nan Commercial & Technical High School	Current: Chairman of Hsin Tung Yang Co., Ltd., Director of E.SUN FHC, Managing Director of E.SUN Bank Experience: Chairman of Sheng Yang Construction Co., Ltd.	78,852,636
3	Director	Representative of Fu-Yuan Investment Co.,Ltd. Wei-Han Chen	Male	Department of Wealth Management and department of Sport Management, Southern Methodist University	Current: Chairman of Nien Hsing Textile Co., Ltd. Experience: Special Assistant of President of Nien Hsing Textile Co., Ltd.	57,568,299
4	Director	Representative of Shang Li Car Co.,Ltd. Chien-Li Wu	Male	Chung Jung High School	Current: Chairman of Shang Li Car Co., Ltd., Director of E.SUN FHC and E.SUN Bank Experience: Chairman of Shen Li Investment Co., Ltd.	65,107,000
5	Director	Magi Chen	Female	MBA, University of Tennessee, Knoxville,	Current: President of E.SUN FHC Experience: Director and CFO of E.SUN FHC and E.SUN Bank	2,792,906
6	Director	Mao-Chin Chen	Male	Master of Economics at National Taiwan University	Current: President of E.SUN Bank Experience: Director and CSO of E.SUN FHC and E.SUN Bank	2,214,772
7	Director	Lung-Cheng Lin	Male	Department of Public Administration, National Chung Hsing University	Current: Corporate Banking CEO of E.SUN Bank, Chairman of E.SUN Venture Capital Experience: SEVP of E.SUN FHC and E.SUN Bank	884,116

No.	Title	Name	Gender	Education	Professional experience	Number of Other public companies in which the individual is concurrently serving a an Independent Director	The Company's Shares Holding (Notes) (Unit: shares)
8	Independent director	Ryh-Yan Chang	Male	Master of Finance, EMBA, National Taiwan University Bachelor of Accounting, National Taipei University	Current: Chairman of Diligence Financial Consultant Co., Ltd., Independent Direct of E.SUN FHC  Experience: Managing CPA, Director and CEO of Deloitte & Touche, Taiwan	3	0
9	Independent director	Chun-Yao Huang	Male	PhD of Marketing at London Business School	Current: Professor of Business Administration at National Taiwan University, Independent director of E.SUN FHC  Experience: Dean, College of Business Administration at National Taiwan University	1	0
10	Independent director	Ying-Hsin Tsai	Female	LLM and Ph.D. in Law, University of Tokyo LLB and LLM, National Taiwan University	Current: Professor of Law, National Taiwan University, Independent Direct of E.SUN FHC  Experience: Practicing Lawyer, Formosa Transnational Attorneys at Law	0	0
11	Independent director	Hung-Chang Chiu	Male	PhD of Business and Administration, National Taiwan University Bachelor and Master of Industrial Engineering, National Tsing Hua University	Current: Professor, Institute of Technology Management, National Tsing Hua University, Independent Direct of E.SUN FHC  Experience: Associate Dean and EMBA director, National Tsing Hua University Director, Career Development Center of College of Technology Management, National Tsing Hua University	0	0

No.	Title	Name	Gender	Education	Professional experience	Number of Other public companies in which the individual is concurrently serving as an Independent Director	The Company's Shares Holding (Notes) (Unit: shares)
12	Independent director	Ruey-Lin Hsiao	Male	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	Current: Professor of Graduate Inst. of Technology Innovation & Intellectual Property Management, National Cheng-Chi University, Independent Direct of E.SUN FHC  Experience: Director of Graduate Inst. of Technology Innovation & Intellectual Property Management, National Cheng-Chi University  Professor, NUS Business School, National University of Singapore  Adjunct Professor of Asia Pacific EMBA Program, NUS Business School, National University of Singapore	0	0

Notes : The shareholdings for above board candidates are calculated based on the book closure date (2023/4/11)

## VI. Other proposals

Proposal No. 1 as proposed by the Board of Directors:

**Proposal:** Permission regarding the engagement in competitive conduct of the directors for the company.

Explanation:

1. According to Article 209, Paragraph 1 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. If any of the candidates in the 8th election of independent directors occupies an office in another company or engage in activities in a scope of business identical or similar to that of the company (as shown in the table below), the company will follow Article 209, Paragraph 1 of the Company Act and submit the nomination to the shareholders meeting for approval. If such a candidate wins the election, the restriction on involvement in competing businesses will be removed for this independent director.

Independent director	Part-time company	positions	important content of competition
Ryh-Yan Chang	Diligence Financial Consultant Co., Ltd.	Chairman	Venture capital, etc.

Resolution: This proposal is approved by vote as following. There are over two-thirds of the shares represented by the shareholders present approving the proposal, as a result, chairman declared this proposal is approved by vote.

( ) voting by virtual and electronic voting method

Total shares represented by the shareholders present in person or by proxy	Approve		Opposing shares	Shares waiving voting right
	Shares	Proportion		
8,798,955,483	7,294,527,655	82.90%	75,478,856	1,428,948,972
(virtual 51,424) (electronic 7,577,663,702)	(virtual 1,221) (electronic 6,081,876,126)		(virtual 0) (electronic 74,441,100)	(virtual 50,203) (electronic 1,421,346,476)

## **VII. Extempore motion : None.**

The shareholder with A/C No. 452338 raised questions virtually:

1. Taishin Financial has now become PlusPay's third-largest shareholder. Cathay Financial just went ahead to become a major shareholder in FamilyMart. Does E.SUN plan to increase its stake so as to further expand cooperation with FamilyMart? As for EasyCard, Cathay Financial, Fubon Financial, and E.SUN all have holdings. Is it possible for E.SUN to increase its stake and thus become the largest shareholder among the aforesaid financial holding companies, thereby bolstering cooperation with EasyCard? In turn, consumers may want to use E.SUN's credit cards alongside EasyCard.

Answer: Thanks for the suggestion. We'll work even harder.

2. Carrefour card issuer status next year. By contrast, Fubon Financial is growing fast with its Costco card. Of Taiwan's top five credit card-issuing banks, E.SUN has recorded the lowest growth rate over the past two years. There were even times when Union Bank and Bank SinoPac surpassed E.SUN in the numbers of cards issued. On social media, cardholders tend to focus on convenience store transactions and automatic bill payments, two items that generate the least rebate. E.SUN should pay more attention to this.

Answer: Our credit card business will focus on high-quality, high-potential customer segments. Emphasis will be placed on issuing new cards to acquire new customers and managing electronic payment members and distribution channels. In terms of our long-term development strategy, we will continue to prioritize customer-centricity and enrich customers' consumption journey and experience by integrating technology, data, and cross-domain resources.

## **VIII.Meeting adjourned** (at about 9:42 AM the same day.)

Chairperson: Yung-Jen Huang, Chairman of the Board of Directors

Minutes taken down by Mei-Cheng Chu

※The Minutes only reflected the main contents of the meeting. Please refer to the recording for the exact contents and proceeding of the meeting.



## **IX. Appendices**

### **<Appendix 1>**

#### Business Report

Dear Shareholders :

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

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

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

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

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

Regarding financial indicators, E.SUN FHC reported net earnings amount of NT\$54.806 billion, with an after-tax earnings amount of NT\$15.759 billion and EPS at NT\$1.10, ROA at 0.47%, ROE at 8.06%, and capital adequacy ratio at 127.54%. The after tax earnings of subsidiaries E.SUN Bank, E.SUN Securities, and E.SUN Venture Capital was NT\$14.809 billion, NT\$1.004 billion and NT\$82 million respectively.

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

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

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

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

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

In terms of FinTech, as technology continues to evolve rapidly and financial services become more diverse, E.SUN has assembled a technology team with nearly 1,300 talents with expertise in technology to coordinate the overall digital development, smart applications, IT development, and information security management. Using technology as an accelerator, E.SUN actively promotes digital transformation by creating an agile information structure to improve digital resilience and the flexibility to adapt. It also continues to expand its use

of AI applications to enhance service quality, efficiency, and customer experience, and create a digital financial ecosystem so that financial services can be like water and electricity, integrating into customers' daily lives.

In terms of ESG and sustainable development, in early 2022, E.SUN became the first financial institution in Taiwan to pass the review of the SBTi. It actively follows the SBTi guidelines and sets its own carbon reduction, and investment and financing transformation strategies. E.SUN pledged to completely phase out coals by 2035 and use 100% renewable energy at domestic and overseas locations by 2040. E.SUN has already called on 133 influential leading corporates to support and work towards the goal of net zero by 2050 together through “E.SUN ESG and sustainability initiative”. To continue to align with international standards and promote sustainable development, E.SUN not only joined initiatives such as RE100 and TNFD (Task Force on Nature-related Financial Disclosures), but it has also personally participated in the United Nations Climate Change Conference (COP27) and the World Climate Summit (WCS) held in Egypt. E.SUN has delivered a speech on “Taiwan's New Climate Finance,” not only allowing Taiwan’s voice be heard by the world but also hoping to expand positive financial influences and get more people to pay attention to and be aware of climate change issues.

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

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

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

Chairman



President



## <Appendix 2>

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

CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

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

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

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

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

(Continued)

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

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

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

(Continued)

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

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

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

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

(Concluded)

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

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

	Equity Attributable to Owners of ESFHC						Other Equity			Non-controlling Interests (Notes 4 and 39)	Total Equity
	Capital Stock (Note 39)		Capital Surplus (Notes 4 and 39)	Retained Earnings (Notes 4, 9, 37 and 39)			Exchange Differences on the Translation of Financial Statements of Foreign Operations (Note 4)	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4, 9 and 37)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss (Note 4)		
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	12,567,100	\$125,671,000	\$ 25,350,214	\$ 13,078,728	\$ 164,235	\$ 17,061,205	\$ (2,089,399)	\$ 2,883,479	\$ (651,070)	\$ 132,185	\$181,600,577
Appropriation of 2020 earnings											
Legal reserve	-	-	-	1,705,818	-	(1,705,818)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,665,931)	-	-	-	-	(7,665,931)
Stock dividends	768,000	7,680,000	-	-	-	(7,680,000)	-	-	-	-	-
Issuance of common stock from employees' compensation	19,500	195,000	312,000	-	-	-	-	-	-	-	507,000
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	306,597	-	(306,597)	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	20,558,988	-	-	-	26,515	20,585,503
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	267,939	(632,313)	(277,829)	(357)	53	(642,507)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	20,826,927	(632,313)	(277,829)	(357)	26,568	19,942,996
BALANCE AT DECEMBER 31, 2021	13,354,600	133,546,000	25,662,214	14,784,546	164,235	21,142,980	(2,721,712)	2,299,053	(651,427)	158,753	194,384,642
Appropriation of 2021 earnings											
Legal reserve	-	-	-	2,113,352	-	(2,113,352)	-	-	-	-	-
Special reserve	-	-	-	-	1,074,086	(1,074,086)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(8,947,582)	-	-	-	-	(8,947,582)
Stock dividends	900,000	9,000,000	-	-	-	(9,000,000)	-	-	-	-	-
Issuance of common stock from employees' compensation	20,500	205,000	407,950	-	-	-	-	-	-	-	612,950
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(18,107)	(18,107)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(574,662)	-	574,662	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	15,759,000	-	-	-	22,341	15,781,341
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	143,702	2,335,809	(13,649,220)	6,445,728	1,691	(4,722,290)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	15,902,702	2,335,809	(13,649,220)	6,445,728	24,032	11,059,051
BALANCE AT DECEMBER 31, 2022	14,275,100	\$142,751,000	\$ 26,070,164	\$ 16,897,898	\$ 1,238,321	\$ 15,336,000	\$ (385,903)	\$ (10,775,505)	\$ 5,794,301	\$ 164,678	\$197,090,954

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



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

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

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

(Continued)

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

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

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

(Continued)

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

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

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	<u>December 31</u>	
	2022	2021
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021		
Cash and cash equivalents in the consolidated balance sheets	\$ 76,217,644	\$ 85,237,301
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	31,650,624	19,474,924
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>7,881,831</u>	<u>-</u>
Cash and cash equivalents at the end of the year	<u>\$ 115,750,099</u>	<u>\$ 104,712,225</u>

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

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying consolidated financial statements of E.SUN Financial Holding Company, Ltd. (ESFHC) and its subsidiaries (collectively, the “Company”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's consolidated financial statements for the year ended December 31, 2022 are described as follows:

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

The Company is engaged principally in providing loans to customers. As of December 31, 2022, the net amount of discounts and loans of the Company represented approximately 56% of total consolidated assets, and is

considered material to the consolidated financial statements as a whole. Besides assessing expected credit losses of loans in accordance with IFRS 9 “Financial Instruments”, the management of E.SUN Commercial Bank, Ltd. (E.SUN Bank), a subsidiary of ESFHC, complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses. For accounting policies and relevant information about loan impairment assessment of E.SUN Bank, please refer to Notes 4, 5 and 13 to the consolidated financial statements.

We determined the assessment of allowance for possible losses on loans to be a key audit matter for the year ended December 31, 2022 because the assessment made by E.SUN Bank to assess the classification of credit assets and recognize allowance for possible losses in accordance with the Regulations involves critical estimates and judgements.

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

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

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

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

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2023

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## Audit Committee Report

To: E.SUN Financial Holding Company 2023 General Shareholders' Meeting

The Board of Directors has complied and submitted the Company's 2022 consolidated financial statements audited by Certified Public Accountants of Deloitte & Touche, business report and statement of distribution of retained earnings to the Audit Committee. After reviewing the abovementioned statements and reports and discussing with the CPAs, the Audit Committee has found them to meet the requirements of applicable laws and regulations. This report is hereby prepared in accordance with Article 14-4 of Security and Exchange Act and Article 219 of Company Act and submitted for your approval.

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

Date: February 24, 2023