

**E.SUN Commercial Bank, Ltd.**  
**Internal Control System Statement**

To: Financial Supervisory Commission





On the behalf of E.SUN commercial Bank, Ltd., we hereby declare that in the period from January 1, 2020 to December 31, 2020, the Bank duly complied with "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" in establishing an internal control system, implementing risk management processes. In the meantime, an impartial and independent unit was designated to conduct audits and report regularly to the Board of Directors and supervisors. With respect to concurrent operation of securities agent business, the Bank assessed the effectiveness of the design and execution of its internal control system based on the evaluation criteria set forth in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" issued by the Securities and Futures Bureau of the Financial Supervisory Commission. Based on meticulous evaluation, the Bank found that, except for the items enumerated in the attached table, the internal control and legal compliance systems of all units were effectively implemented during the year.

With respect to concurrent operation of insurance agent business, firstly, the Bank assessed the effectiveness of the design and execution of its internal control system based on the evaluation criteria set forth in the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies". According to this Regulations, the internal control system judgment items shall contain at least the following components: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, 5. Monitoring activities. Secondly, the Bank has adopted the judgment items listed above to check the effectiveness of the design and execution of its internal control system. Thirdly, based on the results of the internal control inspections, the Bank believes that the design and execution of the internal control system (including knowing the soundness of operations, the reliability of reports, and the compliance with relevant laws and regulations) during the period is effective. Therefore, it can reasonably ensure the above objectives to be achievable.

This statement will be included as the primary content of the Bank's annual report and any prospectuses, and made available to the public. Any information in this statement found to be falsified, concealed, or otherwise illegal shall be subject to the legal liabilities prescribed by Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

We also hereby declare that this statement has been approved by the board of directors of the Bank on March 11, 2021.

Declarant

Chairman:		( Signature/ Seal )
President:		( Signature/ Seal )
Chief Auditor:		( Signature/ Seal )
Chief Compliance Officer:		( Signature/ Seal )

Date: March 11, 2021

## E.SUN Commercial Bank, Ltd. Internal Control System

### Items for Improvement of deficiencies Status

(As of December 31, 2020)

Item for Improvement	Improvement Measures	Target Date
An incident of abnormal payment deduction from the tax payment portal of the Ministry of Finance.	Built the FISC simulator and execute automated tests. Established system monitoring and alarm mechanisms.	Completed.
The core firewall traffic overload mainly affected the inter-bank remittance function of E.SUN e-Banking.	The replacement of network equipment was completed on May 31, 2020, and the processing procedure for abnormal NTD inter-bank remittance was completed on April 17, 2020.	Completed.
The improvement of internal regulations regarding keeping customers' deposit books and contracts/ documents.	Announcing the rule that aimed at informing employees of matters which should not be violated in daily business execution, regulations of keeping contracts/ documents of customers, and mechanisms of scheduled and unscheduled inspections.	Completed.
Strengthen review about expenses reimbursement.	Reminded relevant units to deal with expense matters following the announcements of expenses reimbursement and FAQ of Expenses Reimbursement Platform which were published by Accounting Division.	Completed.
Misappropriation of client's fund by a former financial advisor.	Improved the wealth management agreement, modification and transacting application (including insurance) with confirming mechanism. Improved mechanism of random inspection of financial advisors' office. Improved the delivery procedure of bank statements (investment and insurance). Improved transaction monitoring and account monitoring mechanism. Improved mechanism of rotation, annual leave and customer transfer of financial advisor.	Completed.
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.

<b>Item for Improvement</b>	<b>Improvement Measures</b>	<b>Target Date</b>
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 data-bbox="533 190 1225 293">1. Stop providing SMS OTP service as identity verification when customer applying for Personal Internet Banking.</li><li data-bbox="533 297 1249 369">2. Using Voice OTP to enhance identity verification strength on applying for Personal Internet Banking.</li></ol>	Completed.