

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, 2021 to December 31, 2021, 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 Audit Committee. The Bank actually abide by Articles 38 No. E, 38-1 of “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries” and the “Information Security Self-Regulatory Rules” stipulated by The Bank Association of the Republic of China. 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”. The Bank found that, except for the items enumerated in the attached table, the internal control, legal compliance systems and information security 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, 2022.

Declarant: E.SUN Commercial Bank, Ltd.

Chairman:

(Signature/ Seal)

President:

(Signature/ Seal)

Chief Auditor:

(Signature/ Seal)

Chief Compliance Officer:

(Signature/ Seal)

Chief Information Security Officer:

(Signature/ Seal)

Date: March 11, 2022

E.SUN Commercial Bank, Ltd. Internal Control System

Items for Improvement of deficiencies Status

(As of December 31, 2021)

Item for Improvement	Improvement Measures	Target Date
For the customer who declares the settlement on surrender foreign currency in the nature of " repayments of overseas borrowing", the Bank should handle in accordance with the relevant regulations of the Central Bank.	<ol style="list-style-type: none"> 1. Designed the checklist for the front counter staff to examine the compliance with related regulations. 2. Processed bank-wide education and training. 3. Posted bank-wide announcement. 4. Planned the system reminder for transaction examination. 	The improvement measures 1 to 6 was completed while improvement measures 4 will be completed in the end of April.
For the customer who frequently declares the remittance of purchased foreign currency in the nature of " repayments of overseas borrowing", the Bank should handle the subsequent New Taiwan Dollar settlement in accordance with the relevant regulations of the Central Bank.	<ol style="list-style-type: none"> 1. Improved the process of outward and inward overseas loan and repayment. 2. Processed bank-wide education and training. Posted bank-wide announcement. 	Completed.
ATM transaction time overran because the loading of format conversion table in the database was slow.	<ol style="list-style-type: none"> 1. Optimize database access performance in order to reduce the access loading. 2. Adjusted the memory resource allocation of the database and increased server memory resources to ensure database access performance. 3. Adjusted database function syntax by the original manufacturer's recommendations. 	Completed.
Because of the Network switch failed of the exclusive network environment of Taiwan Financial Information Service, inter-bank transaction service abnormally	<ol style="list-style-type: none"> 1. Replace the faulty hardware of the network switch, and adjust the settings to complete the monitoring. 2. Performed backup switch to ensure high availability and perfect structure. 	Completed.
When the Bank invests in overseas structured commodities, it does not accurately assess and disclose the possible risks of the investment before the transaction, and the credit rating of the linked target is not included in the investment approval authority.	<ol style="list-style-type: none"> 1. The financial engineering model has been improved and upgraded. 2. The financial engineering model verification have been updated in the bank's internal regulations. In addition to increasing the frequency of model verification, the verification method has also been updated and the verification analysis method has been specified in detail. 	Completed.

Item for Improvement	Improvement Measures	Target Date
<p>Due to the erroneous system configuration for a new email notification function and an incomplete prelaunch user test, the wealth management system of Hong Kong Branch accidentally sent e-mail to unintended clients.</p>	<ol style="list-style-type: none"> 1. The Branch has made a full-scale review of all the systems with email notification function to customers to ensure no other similar errors in those systems. 2. The Information Technology Division and Hong Kong Branch have jointly design various testing cases to validate changes made and assess adherence to the branch's business requirements before the new function goes live. 	<p>Completed.</p>