3.1.2 Responsible Lending

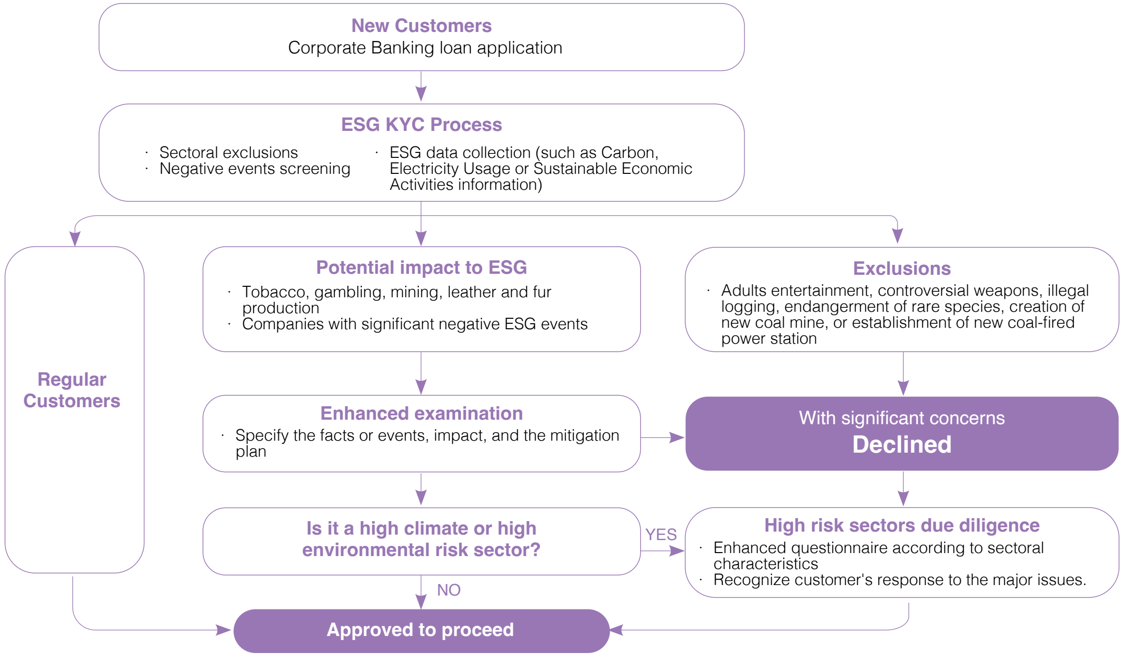
SASB: FN-CB-410a.1, FN-CB-410a.2

Exercising Internal and External Influence

ESG Risk Management in Credit Process

E.SUN Bank has developed a responsible lending business process and "E.SUN Bank Credit Policy" to evaluate the implementation and investment of borrowers in environmental and social initiatives. Each new credit application must undergo ESG assessment, including sensitivity industry checks, major environmental/social negative event evaluations, and collection of sustainability-related information based on different sectoral characteristics. If the counterparty is involved with arms production, pornography, illegal logging, harmful endangered wildlife, coal-fired power generation, or coal mining, the deal should be avoided. For companies related to tobacco, gambling, or those with significant past environmental and social negative events, enhanced explanations are required.

Additionally, E.SUN Bank also has mechanisms for climate risk and environmental risk checks in the credit process. For borrowing enterprises operating in industries with significant environmental or climate risks, detailed explanations tailored to the specific characteristics of the industry are needed to better understand how the company respond to such challenges.



Corporate ESG Assessment in Credit Evaluation and Sustainable Economic Activities

Using the credit system's 'Corporate ESG Assessment Form,' E.SUN Bank has strengthened its systematic collection of corporate sustainability information and integration of ESG considerations into its credit evaluation process. From a risk management perspective, the Bank adheres to sustainability-related policies established by the financial holding company, including coal and unconventional oil and gas divestment guidelines. Potential involvement of borrowers in such sectors is assessed and disclosed on a case-by-case basis during the credit review process.

Additionally, the bank proactively reviews customers'records of environmental and labor-related violations over the past three years. In 2025, a total of eight credit applications were identified as meeting the threshold for significant penalties, defined as a single fine exceeding NT$ 1 million.

For customers with records of significant regulatory violations, E.SUN Bank monitors their remediation efforts through its ESG assessment process, and may decline to engage with those deemed to have severe circumstances. For customers with relatively high carbon emissions, the bank also conducts due diligence to understand whether they have established voluntary reduction plans or decarbonization pathways. If customers demonstrate willingness to improve or transition, the bank provides support through credit resources (such as sustainability-linked loans and transition financing), as well as sustainability advisory services.

In response to the regulator's "Green and Transition Finance Action Plan" E.SUN Bank has also implemented ESG information reporting for credit cases through the Joint Credit Information Center (JCIC). According to internal statistics, the reporting coverage rate reached 88.5% in 2025, representing the proportion of newly extended and renewed corporate lending clients during the year. The bank further encourages the incorporation of sustainable economic activity assessments into relevant financing processes. In parallel, during ESG engagement with selected corporate clients, the bank actively incorporates Taiwan's sustainable taxonomy framework into discussions, promoting greater awareness and understanding of sustainable classification standards among enterprises.

Corporate ESG Evaluation Form

1. Financial data
2. Negative ESG event scanning
3. ESG data
4. Sustainable economic activities
5. High risk sectors checklist

Internal Carbon Pricing

Since 2022, E.SUN Bank implemented internal carbon pricing in its loan portfolio. This pricing mechanism refers to international carbon trading mechanisms, taking into account the weighted average price in the global carbon trading market provided by the World Bank, as well as international decarbonization pathways. The annual carbon reduction targets are set for each business unit following the decarbonization pathway, aiming to guide business units to consider the transformation risks faced by credit companies and the impact of international carbon prices.

Execution for the past 3 years

2023

· Established an online version of carbon dashboard and related charts for tracking and monitoring carbon emissions.
· Provided a "credit-related carbon calculator" for business units to estimate internal carbon costs.

2024

· Planned the carbon emissions information in the internal carbon pricing report to align with the in-house carbon emissions system, ensuring data consistency.
· Added a carbon emissions calculation feature within the "Loan Carbon Emissions Calculator" for corporate customers to assist business units in managing carbon risk.

2025

· Implemented of a performance-linked decarbonization management mechanism, leveraging incentive-based scoring to guide business units in encouraging clients to pursue carbon reduction.
· Established a portfolio segmentation framework based on carbon intensity, categorizing framework based on carbon intensity, categorizing exposures into "Low-carbon" and "Decarbonization" groups. Through differentiated reduction targets and tailored management strategy for each groups, the bank enhances its scope 3 management.

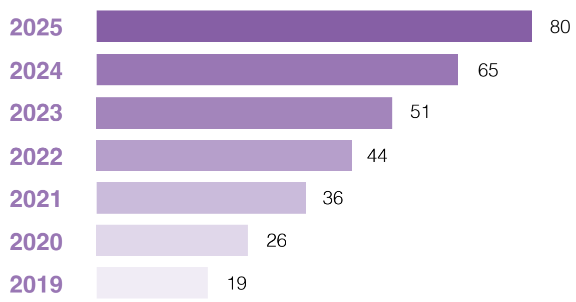
Equator Principles

In accordance with the 4th edition of the Equator Principles framework, each project financing case is systematically assessed on the environmental and social risks – such as climate change, human rights, and biodiversity – may be confronted to or generate during the project timeline. The objective is to enhance our capabilities in managing those risks, and to continuously improve the control and monitoring processes, as well as strengthen post-loan management in our effort to more responsible lending.

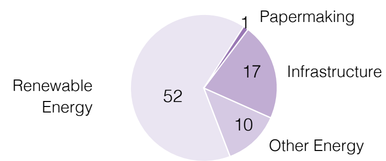
Our development progress during 2025 is as followed

1. E.SUN Bank was formally appointed as a Management Support member to the Steering Committee of the Equator Principles. Since joining the committee, E.SUN Bank has actively participated in monthly meetings, contributing to internal governance and management discussions, and will continue to support the Equator Principles Management Team for a two-year term.
2. In parallel, E.SUN Bank joined the EP Biodiversity Working Group, and contributed to the development of guidance in collaboration with UNEP Finance Initiative (UNEP FI), titled "Nature-Based Risk Assessment: Integrating Project-Related Finance." This guidance is now publicly available on the official Equator Principles website.
3. E.SUN Bank is committed to participating in the Equator Principles Annual Meeting each year to engage with fellow EP Financial Institutions and continuously enhance its internal implementation processes. This time, the Bank was invited to present its Equator Principles implementation experience, with a particular focus on Taiwan-specific considerations. The presentation was well received and gathered positive recognition from participating institutions.
4. In 2025, a total of 15 financing project cases were signed following the Equator Principles, 2 cases were declined, making a total of 17 cases assessed.

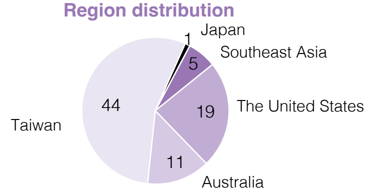
80 Equator Principles cases cumulated till 2025



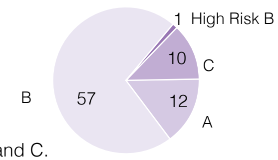
Industry distribution



Region distribution



Category Risk attribution



Note: According to the EPs, the risk level is divided into categories A, B and C.

Sustainable Lending Business

E.SUN Bank has a long-standing commitment to environmental sustainability and responds to international trends and domestic policies. We continuously support the sustainable transformation of corporate clients through green lending, sustainability-linked loans, and lending to ESG-friendly industries. By taking tangible actions, we aim to facilitate corporate clients in their journey toward achieving their net-zero emissions goal.

To strengthen its financial impact, E.SUN Bank has established clear qualification principles for green financing and sustainability-linked financing. These principles define the use of funds and monitoring mechanisms, and are incorporated into internal audit procedures to ensure that funds are effectively allocated to environmentally and socially responsible industries.

Balance unit: NT$ million

Sustainable Lending	Balance as of 2024	Balance as of 2025
Green loans	107,189	137,555
Sustainability-Linked Loans	76,846	104,841
ESG-friendly Industries Loans	234,996	278,959*
SME-Tailored Sustainability Loan**	37,204	16,490
Total value of sustainable lending	456,235	537,845
Total value of corporate lending	904,244	1,205,468
Percentage over total corporate lending	50%	45%

*An overlapped amount of NT$ 78,357 million has been deducted from the overall NT$ 357,316 million.

**SME-Tailored Sustainability Loan refers to the "Assistance for SMEs Low-Carbon and Smart Transformation Development and Regulated Factory Infrastructure Optimization Project Loan," is a government specialized credit guarantee fund designed to support SMEs.

Loans to ESG-friendly Industries

E.SUN Bank continues to allocate resources to environmentally and socially friendly industries, supporting green energy, energy storage, circular economy, healthcare, and education sectors.

Balance unit: NT$ million

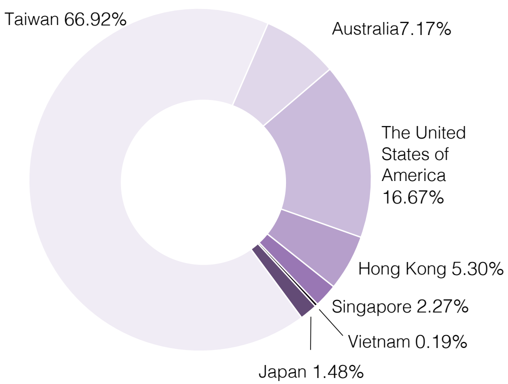
Lending to ESG-Friendly Industries	Industry Categories	Balance as of 2024	Balance as of 2025
Environmental-friendly Industries	Solar power	1,597	2,123
	Bicycles	5,168	4,733
	LED	735	866
	Batteries	5,928	9,134
	Electric vehicles	15	-
	Circular economy	4,445	6,227
Social-friendly Industries	Medical care	30,841	34,408
	Education	6,278	5,893
	Sports & Fitness	3,362	3,168
	Telecommunications	5,583	5,533
	Network communication equipment	5,857	6,285
	Industrial robots	100	41
Innovative Industries*	Eligible industries as defined, along with their associated supply chains	227,130	278,905
Total Value of Loans To Esg-friendly Industries		275,912	357,316**

* Based on the definition of the government's 6 Core Strategic Industries, while excluding the national defense sector and sub-industries with higher sustainability risks in the related supply chain (such as cement, plastic, steel, etc.). Overlapped lending has been excluded.

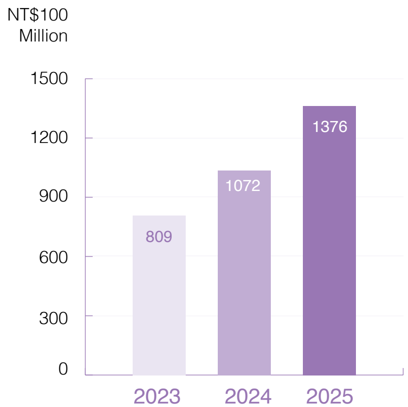
Green Loan

In order to support the sustainable development of businesses, we provide green loan to assist businesses in financing green energy projects, energy storage systems, green buildings, energy-saving equipment, and other projects specifically used for green initiatives. In 2022, E.SUN Bank adopted the Green Loan Principles of the Loan Market Association (LMA) and formulated relevant regulations and operating procedures. As of the end of 2025, the balance of green loan totaled NT$ 137.6 billion, with an annual growth rate of approximately 28%.

Proportion of Green Loans by Region (based on the balance in 2025)



Green Loans' Balance for the Past Three Years



(1) Green Project Financing

E.SUN Bank is dedicated to supporting the development of domestic and international enterprises, as well as the green energy industry. We advance Taiwan's solar power sector—spanning rooftop, ground-mounted, and floating solar installations—along with energy storage applications developed to meet the needs of power grid resilience and energy dispatch. Through tailored refinancing initiatives for operational solar assets, E.SUN Bank enables green energy developers to reinvest their capital into further development and construction, thereby creating a positive cycle of green investment and financing. Additionally, E.SUN Bank arranges and participates in international project finance for key wind, solar, and energy storage projects through our green energy expert team. Our regional involvement extends to countries including Australia, the United States, China, Japan, and Vietnam. As of the end of 2025, E.SUN Bank's balance of financing related to renewable energy and energy storage reached approximately NT$ 95 billion, marking a YOY growth of 25% compared to 2024.

Important Milestones

2021

- Fully committed to developing project finance for renewable energy and diversifying our portfolio to domestic fishery-solar and overseas geothermal energy projects.

2022

- Launched a financing campaign for solar projects that have already reached commercial operation.
- Led a syndicated loan for a large-scale domestic solar photovoltaic asset pool.
- Financed 1st solar photovoltaic project in Vietnam.

2023

- Financed 1st solar photovoltaic project in the United States.
- Became the only financial institution in Taiwan to respond to The Global Renewables Alliance's 3xRenewables initiative.

2024

- Financed 1st solar photovoltaic project in Japan.
- Financed 1st energy storage project in Australia and the United States .

2025

- Supported financing for rooftop solar and energy storage projects in Southeast Asia.

The Global Renewables Alliance launched the '3x Renewables Initiative' in 2023, aiming to coordinate private sector organizations worldwide to collectively achieve the goal of tripling renewable energy and doubling energy efficiency by 2030. E.SUN Financial Holdings is among the first to respond to this initiative, with our 2025 renewable energy financing balance reaching 2.80 times the baseline year of 2022.

2022 Renewable Energy Financing Balance		2023 Renewable Energy Financing Balance	Growth multiples compared to 2022 base year	2024 Renewable Energy Financing Balance	Growth multiples compared to 2022 base year	2025 Renewable Energy Financing Balance	Growth multiples compared to 2022 base year
NT$ 33,956 million	-	NT$ 51,413 million	1.51 times	NT$ 75,870 million	2.23 times	NT$ 94,999 million	2.80 times

Carbon Social Cost refers to the long-term economic losses caused by global warming and climate change due to greenhouse gas emissions. As of 2025, E.SUN Bank has participated in wind and solar power installations with cumulative capacities of 1,405 MW and 1,907 MW, respectively, which corresponds to avoiding a total carbon social cost of US$ 435 million. This reflects E.SUN Bank's commitment and dedication to environmental sustainability.

2025	Total capacity installed	Growth rate	Estimated carbon reduction	Avoided Carbon Social Cost
Wind Energy	1,405MW	75%	1,400,000 tons	US$266 million
Solar Energy	1,907 MW	35%	890,000 tons	US$169 million

* Installed capacity: Starting from 2022, the disclosure method was adjusted to recognize E.SUN Bank's project capacity based on the participation ratio of the credit limit per case (i.e., allocated quota / total project capacity). Calculations are made accordingly.
* Expected carbon reduction: Calculated based on participated project capacity (including projects under construction) x 80% (financing ratio) x 8,760 (hours) x wind power capacity factor of 30% (or 14% for solar photovoltaic capacity) x 0.474 (electricity carbon emission factor).
* Calculated based on the electricity carbon emission factor of 0.474 kilograms per kilowatt-hour, as published by the Energy Administration of Taiwan.
* The social cost of carbon is calculated based on $190 per metric ton, as listed in the "Report on the Social Cost of Greenhouse Gases," published by the US Environmental Protection Agency (EPA) in November 2023.

Driving Sustainable Growth in Local Supply Chains Alongside International Investors

E.SUN bank served as a Mandated Lead Arranger and Bookrunner (MLAB) for the international investor C Group's 500 MW offshore wind syndicated loan in 2025. Located off the coast of central Taiwan, the wind farm benefits from excellent wind conditions and stable geological attributes. With its well-structured overall development scale, the project provides a substantial boost to increasing the proportion of renewable energy in the country's power generation mix. At the same time, the project promoted participation by local supply chains, facilitating technology exchange and talent development and strengthening the industry's long-term competitiveness. Through its involvement in large-scale offshore wind development, E.SUN Bank not only demonstrates a concrete commitment to climate action and the net-zero transition, but also collaborates with international investment partners to create sustainable value that balances economic development, environmental protection, and social responsibility.

Leveraging Financial Power to Support Corporate Transformation

In line with international trends in transition finance, E.SUN Bank partnered with Metropolitan Transport Corporation to promote transition lending. Drawing on the recommended components of transition plans issued by the Asia Pacific Loan Market Association (APLMA) and Taiwan's Financial Supervisory Commission (FSC), E.SUN designed a comprehensive product framework. Through its financial support, E.SUN facilitates the low-carbon transition of the transportation sector by guiding Metropolitan Transport Corporation to assess the sustainability transition level of its economic activities and to formulate corresponding transition plans aligned with its sustainability objectives, thereby supporting the progressive increase in bus electrification by 2030 and the achievement of tangible transition outcomes.

(2) Green Buildings and Energy-saving Equipment

E.SUN Bank responds to Taiwan's 2050 Net-Zero Emissions Strategy by not only assisting businesses in their 'energy transition' but also supporting the promotion of 'industrial transformation'. This includes guiding enterprises to invest in green buildings, eco-friendly offices, energy-saving equipment, and more to reduce their energy consumption and consequently decrease their operational carbon emissions. By 2025, financing for green buildings reached NT$ 32.6 billion (up from NT$ 26.1 billion in 2024), representing a growth rate of 25%. Financing for energy-efficient equipment (and related items) increased to NT$ 19.7 billion, with a growth rate of 47%.

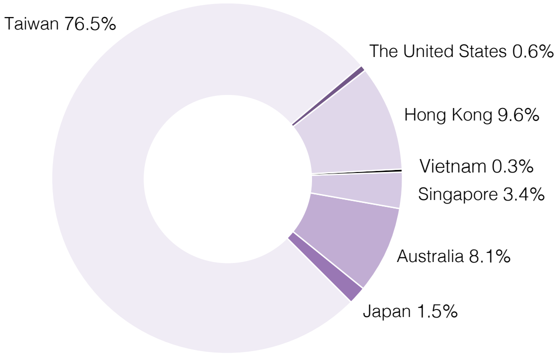
Sustainability Linked Loan

To encourage businesses to establish and achieve their ESG development goals and continue investing in sustainability, E.SUN Bank has referred to the Sustainability Linked Loan Principles (SLLP) of the Loan Market Association (LMA) to formulate relevant regulations and operating procedures. We evaluate the company's actual investment in ESG, set sustainable development goals through joint discussions with companies, and provide financial service benefits if the company achieves those goals. As of the end of 2025, the balance of Sustainability Linked Loans was NT$ 104.8 billion (NT$ 76.8 billion in 2024). The balance of sustainability linked loans accounts for 7.8% of total corporate lending.

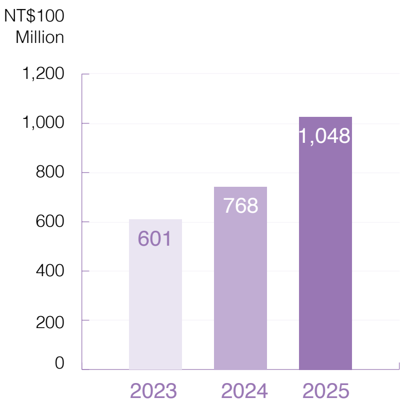
Additionally, E.SUN Bank incorporates the sustainability linked loans into the annual performance evaluations to business units, using reward mechanisms to guide business units in understanding customer sustainability development processes and enhance their impact on the environment and society.

For domestically arranged syndicated loan mandates, there were a total of six cases in 2025 in which ESG engagement was conducted through sustainability-linked loans. These included three cases in the real estate sector and one case each in the electronics, steel, and healthcare sectors. Performance indicators were designed across environmental aspects (such as obtaining green building certifications, greenhouse gas emissions reduction, and renewable energy utilization ratios), social aspects (such as suppliers' comprehensive assessment rates), and governance aspects (such as corporate governance evaluations).

Proportion of Sustainability Linked Loans by Region (Based on the Balance in 2025)



Sustainability Linked Loans' Balance for the Past Three Years



Supporting SMEs' Sustainability Development

E.SUN Bank has long been committed to supporting small and medium-sized enterprises (SMEs) by providing a range of measures, including sustainable-related credit, consulting services, and guarantee funds, aimed at assisting SME customers in achieving sustainable operations.

Balance unit: NT$ million

	Balance as of 2025
Sustainable SME loans	109,984
SME-Tailored Sustainability Loan	16,490
Total value of SME lending	676,589
% over total SME lending	19%

In 2025, E.SUN Bank assisted small and medium-sized enterprises (SMEs) in various sustainable developments, such as renewable energy, green buildings, and energy-efficient equipment. As of the end of 2025, the balance of sustainable-related credit for SMEs (including green loan and sustainability-linked loans) reached NT$ 109.984 billion (82.2 billion in 2024), accounting for 19% of the total SME loan balance (20% in 2024).

E.SUN Bank has long supported the development of small and medium-sized enterprises (SMEs), with the loan balance for SMEs accounting for approximately 50.4% of the total corporate credit balance. We also assist SMEs through guarantee funds and have been honored with the highest accolade of a performance excellence award for guarantee funds for 21 consecutive years.

E.SUN Bank continues to engage in sustainable exchanges and on-site visits with small and medium-sized enterprises (SMEs) and other enterprises sizes through its dedicated ESG team. We assist these enterprises in understanding industry trends and the supply chain's ESG requirements. Additionally, by collaborating with sustainability transformation platform consultants and connecting with relevant governmental incentive resources, E.SUN Bank actively supports SME in their journey toward sustainability.

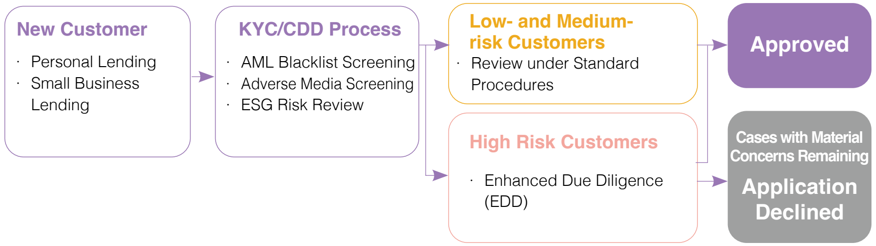
Overseas Achievements in Sustainable Finance

Hong Kong Branch

The Hong Kong branch were honored with five major awards at the "Hong Kong Green and Sustainable Finance Awards 2025" by the Hong Kong Quality Assurance Agency (HKQAA). This marks the third consecutive year that our Hong Kong branch has been recognized, achieving the highest cumulative number of awards among all Taiwanese banks in Hong Kong. Notably, the Hong Kong branch acted as the lead arranger for a green syndicated loan focused on renewable energy, clean transportation, and sustainable water management. This project was named "The Asset Green Project of the Year" for 2026 by The Asset magazine. In the bond market, we also marked a milestone by underwriting a large-scale sustainable bond for a major Hong Kong bank. The proceeds are dedicated to green and social assets or projects meeting the requirements of the "Sustainable Finance Framework," demonstrating our commitment to sustainability and overall performance.

Retail Banking Lending

ESG Risk Management in Credit Approval Process



For new credit applications, E.SUN automatically conducts AML blacklist and adverse media screening for individuals and small businesses at the time of application, ensuring that rigorous KYC and Customer Due Diligence (CDD) procedures are implemented for all cases. Where a customer is identified as high risk or belongs to a high-risk industry such as gambling, arms trading, Enhanced Due Diligence (EDD) will be further conducted. In 2025, a total of 117,449 cases underwent CDD review; approximately 9.6% of these cases were subject to EDD review. Applications are declined when concerns are verified, in order to reduce potential negative impacts on society. E.SUN also proactively investigates customers' potential ESG risks when credit applications are submitted. If a small business has previously been involved in environmental or social violations, penalties, or similar matters, the customer is required to provide a reasonable explanation and submit a report on relevant corrective measures. Credit approval is granted only after E.SUN confirms that improvements have been completed, thereby encouraging customers to pay greater attention to environmental and social issues. In 2025, a total of 9,044 cases underwent ESG risk review, and E.SUN declined 16 applications due to violations of ESG principles, including environmental pollution and Labor Standards Act violations. For climate risk management of collateral, E.SUN has connected its appraisal system to an internal physical risk database, enabling flood risk levels to be identified for each case. This assists appraisers in assessing the impact of climate risks and determining whether appraisal values should be adjusted. In the post-loan interim management process, E.SUN has added management measures for collateral with high flood risk. As of 2025, approximately 0.228% of collateral was located in high flood-risk areas. For collateral located in high flood-risk areas and with higher loan-to-value (LTV) ratios, E.SUN has added risk notes to regularly assess and monitor the risk that climate change may cause impairment in real estate value.

Sustainable Lending

E.SUN continues to launch a diverse range of retail banking sustainable loan programs, including Green Building Loans, Electric Vehicle Loans, and Urban Renewal / Unsafe and Old Building Reconstruction Loans to meet customers' everyday financing needs. As of the end of 2025, E.SUN had helped 14,277 customers put their sustainability aspirations into practice, with the sustainable loan balance reaching NT$ 169.6 billion, accounting for 13.21% of total personal banking loans [Note 1].

Aspect	Sustainable Loan Programs	As of the end of 2025	
		Number of Customers	Balance (NT$ million)
Environmental	**Green Building Mortgage** Encourages the purchase of certified green buildings	1,801	27,994
Environmental	**Rooftop Solar Loan** Assists individual households or small businesses in installing rooftop solar power generation equipment	18	45
Environmental	**Electric Vehicle Loan** Encourages the purchase of electric vehicles	546	767
	Total	2,364	28,806
Social	**Care-free Mortgage** Assists young individuals, low- to middle-income families, or customers facing economic challenges in realizing their dream of homeownership with affordable housing solutions	12,434	139,322
Social	**Reconstruction of Urban Unsafe and Old Building Loan** In response to the government's policy, assists customers in rebuilding unsafe or old buildings to improve living safety	72	1,478
	Total	12,506	140,800
	Total	**14,277**	**169,606**

Note 1: As of the end of 2025, total personal banking loans amounted to NT$ 1,283,584 million.

Green Loans

E.SUN accompanies individual customers in practicing green living. With reference to the Loan Market Association (LMA) and the Green Loan Principles, E.SUN has designed green loan products to encourage customers to adopt renewable energy and clean transportation vehicles in daily life, and to choose more environmentally friendly green buildings when purchasing homes. As of 2025, the personal green loan balance totaled NT$ 14.9 billion, accounting for 1.16% of total personal banking loans.