

Dear Valued Shareholder,

Taiwan Business Bank (“TBB”, “the Bank”) has continued its commitment to proactively tackle ESG topics and aim for sustainable results well into 2023. Apart from TCFD compliance and the publishing of the climate-related financial disclosure (“TCFD”) report, the Bank has subsequently completed signing of the Equator Principles, and the CDP questionnaire in 2022, debuting with a promising management score of “B” in the latter. In 2023, with established short, medium, and long-term Sustainable Development Strategies formulated by the Board of Directors, the Bank is well on its way to implementing its environmental, societal and governance efforts.

Completion of greenhouse gas (“GHG”) inventory for all business units in 2022 enabled a reliable foundation of disclosure for key TBB’s emission initiatives, such as the Bank’s progressive scope 1 and scope 2 carbon reduction targets; and the alignment with international and domestic trends towards net zero by 2050. To ensure closer collaboration with the Government, TBB has also signed the “1.5 Degree Climate Action Declaration”. Apart from the Bank’s own reductions, financing of environmental impact is also a focal point for TBB’s environmental sustainability strategy. The Bank has launched several environmentally friendly loan projects, actively supported SME upgrades, and provided preferential loans for key green and renewable industries (Table 1). Since 2020, the total environmental and energy loans have increased steadily with at least 37% year-over-year, reaching NT\$18.375 billion in 2022 (Chart 1). TBB is also cognizant of the need to manage climate-related risks such as exposure to carbon intensive industries, and regularly reviews its exposure. At the end of 2022, the outstanding balance of medium- and long-term loans to the high polluting/ energy intensive industries was NT\$65.776 billion, which accounted for 10.80% of the total outstanding balance of medium- and long-term loans, a trending decline from the 12.11% and 11.00% in 2020 and 2021 respectively (Chart 2).

TBB considers employees to be its most important assets and dedicates itself to creating a safe and healthy workplace with the ISO 45001 occupational health and safety management system certification. The Bank prides itself on its competitive salary and continuing education of employees. On top of standard proficiency and compliance training such as AML/CFT training, TBB offers international finance master’s degree courses, digital finance and digital transformation skills, as well as clear promotion pathways for a steady career. Employees are

also brought up to date with key ESG topics with awareness programs such as competitions, incentives, and related training. Employees are encouraged to participate in charitable and environmental activities such as mountain cleanups at Jiantan Mountain, and collaboration with USR of University of Taipei in designing health and exercise courses for seniors, thus internalizing the core values of ESG through action.

In terms of corporate governance, TBB has prioritized the Sustainable Development Committee, a top-level functional committee to streamline implementation. Since 2023, the Sustainable Development Committee has increased its meeting frequency and met at least once every quarter to align with the Bank's overall sustainability commitments.

TBB has also established a comprehensive whistleblowing channel, which includes web, mail, and dedicated hotline for reporting matters by the Bank's internal and external personnel. The related policies include strict confidentiality and non-retaliation policies to encourage an honest and transparent corporate culture. ESG risk management is further enforced by regular post-loan monitoring, and management of fund utilization at the source. The Bank also utilizes funds and decision-making power to encourage businesses to complete low carbon transition and take advantage of related business opportunities. Furthermore, TBB is dedicated to responsible investing and publicly discloses stewardship information yearly, along with summarized ESG Insight Reports for key ESG topics and metrics to maintain regular dialogue with all stakeholders.

TBB will continue its journey towards sustainability and net zero along with employees, clients, and all stakeholders, and will leverage the established sound ESG foundations, along with continued attention to global ESG trends and best practices. TBB will strive to bring all SMEs towards a brighter and sustainable future.

Sincerely,

A handwritten signature in blue ink, reading "Chang Chih-Chien". The signature is written in a cursive style and is positioned above a horizontal line.

President, Taiwan Business Bank

Appendix I

Table 1: Amount of Environmentally friendly Loans Provided

Unit: NT\$ billion

Project	2020	2021	2022
SME Production Upgrade Loans	23.957	23.957	23.957
Research and Development Project Loans	2.965	2.965	2.965
Small and Medium Enterprise Innovation Development Project Loans	2.67	2.67	2.671
Preferential Loans for 6 Core Strategic Industries - Green and Renewable Energy Industry	-	-	150.644 (Loan Balance)

Chart 1: Total Environmental and Energy Loans

Unit: NT\$ billion

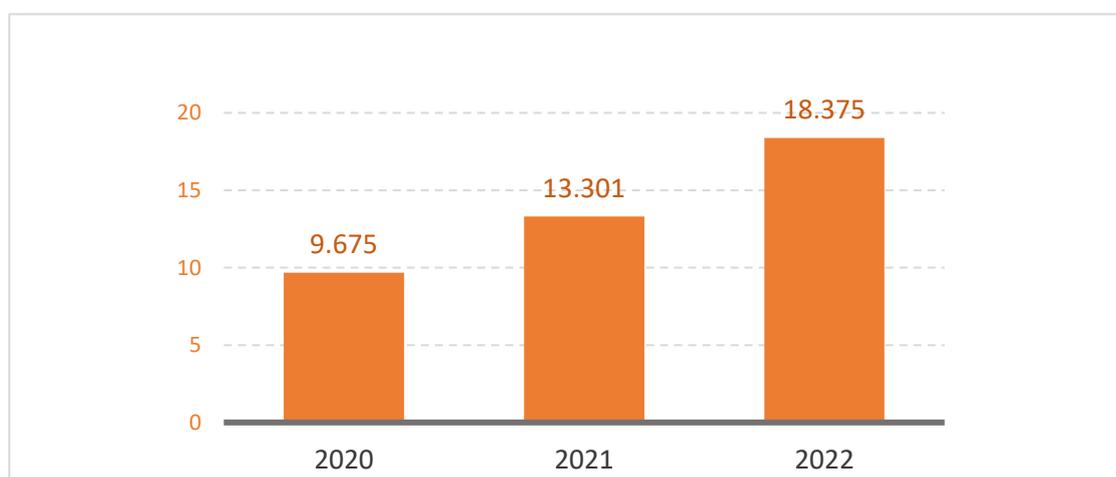


Chart 2: Trend of Mid- and Long-term Loan Balance of Corporate Loans (high polluting/energy consuming industries)

