

O-Bank's Sustainable Credit Policy in Consumer Finance

27 December 2023: Approved and implemented by the President of O-Bank

Article 1 Purpose

In order to implement sustainable finance development and incorporate the sustainable development goals into the Bank's credit business in consumer finance, in accordance with "O-bank's Sustainable Credit and Investment Policy" guiding principles, this policy is hereby drawn up for consumer credit extension.

Article 2 Scope of application

The scope of application of this policy includes the credit extension of personal loans and mortgage offered to individuals.

Article 3 Engagement with clients

Business units should explain the bank's ESG concept to customers, and promote products aligned with sustainable goals. Encourage customers to embrace environmental conservation and fulfill their responsibilities as global citizens.

Article 4 ESG factors

1. Environmental dimension

Environmental risk : location of the real estate collateral, such as potential areas for soil liquefaction, seismic fault zones, potential debris flow areas, etc.

Environmentally friendly : loan funds for green expenditures, such as the purchase of green building or electric vehicles, etc.

2. Social dimension

Social risk : money laundering, terrorist financing or other negative issues, etc.

Socially friendly : loans offered to the socially disadvantaged, such as low-income households, the near-poor household, handicapped persons, etc.

Article 5 Sustainable and climate risk assessment and action in consumer finance

1. Business units should offer discount program to promote the sustainable finance products and mortgages for consumers, such as green loans and “Social impact” loans.
2. When handling credit business in consumer finance, it is necessary to
 - (1) implement Know-Your-Customer (KYC) and Anti-Money Laundering (AML) policies.
 - (2) check whether customers meet the loan conditions for environmental and social friendliness, and assist eligible customers in submitting relevant supporting documents, such as the proof of low-income households, the proof of electric vehicle purchase, etc. For those who do not meet the criteria for environmental and social friendliness, apply through the regular loan process.
3. In consumer loan application credit check procedures,
 - (1) should conduct diligent investigations and careful assessments regarding the customer’s occupation for sensitive industries and other industries with environmental and social risks. If judged to be classified as prohibited credit extension objects (list in the appendix), the loan application would be declined.
 - (2) if the customer’s occupation were identified as high risk in AML, the loan application would be politely declined. In the event of exception approval, the documentation process should strictly adhere to regulation and the Enhanced Due Diligence (EDD) process should be taken. The approval authority should be escalated by one level beyond on the original authorization. In some cases, it can be escalated to the head of Risk Management Division.
 - (3) potential reductions in collateral value due to physical risks such as flooding or sloping terrain should be included in the credit assessment in mortgage credit cases, and should comply with the “O-Bank’s Mortgage Credit Guidelines” to manage the cases of the loan-to-value ratio.

Article 6 Other provisions

Matters not covered in this policy shall be handled in accordance with the relevant

laws and regulations of the competent authority and the Bank's regulations.

Article 7 Implementation and amendment

This policy will be implemented after being approved by the President, and it will be the same when amended. The appendix of ESG prohibited credit extension objects will be amended by the head of Risk Management Division.

【Appendix】 ESG prohibited credit extension objects

1. The sanctioned people listed in the announcement of the Legal Affairs and Compliance Department of O-Bank.
2. Engaged in or employed in the following industries :
 - illegal or pornography entertainment industry, such as illegal hairdressing, massage, hot springs, hotels, nightclubs, etc.
 - illegal gaming industry, such as casino, gambling games, etc.
 - illegal fundraising industry, such as underground financing companies, service agencies, etc.