

HUA XIA BANK 2025 Responsible Banking Progress Statement for PRB Signatories

Summary



Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Briefly describe your bank's sustainability strategy, and which international, regional or national frameworks and UN Sustainable Development Goals it aims to align with. Note any changes in the reporting year.

Response:

1. In 2025, the Bank reported operating income of RMB 91.914 billion. It established 43 tier-one branches, 79 tier-two branches, and 7 off-site sub-branches in 120 cities at the prefecture level and above nationwide, with a total of 943 outlets and 36,752 employees across the organization. Its core business model remained unchanged, and the proportion of business across regions stayed stable. For details, please refer to the relevant sections of the *Annual Report*.

2. The Bank actively implemented national and regional priorities. When formulating the *Hua Xia Bank 2026–2030 Development Plan Outline*, it actively aligned with key policy directives such as the *Implementation Plan for High-quality Development of Green Finance in the Banking and Insurance Industries* and the *Implementation Plan for High-quality Development of Inclusive Finance in the Banking and Insurance Industries*. For details, please refer to the *Sustainability Report: Environmental – Green Finance and Climate Change Tackling – Strategy – Climate-Related Scenario Analysis and Stress Testing – Impact on Strategy and Decision-Making; Social – Inclusive Finance – Strategy – Impact on Strategy and Decision-Making*.

3. The Bank has incorporated support for biodiversity protection into the *2021–2025 Hua Xia Bank Development Plan edited version*, and formulated policy documents such as the *Hua Xia Bank Guiding Opinions on Financial Support for Biodiversity Conservation* and the *Hua Xia Bank Green Finance Action Plan*, explicitly defining the role of finance in supporting biodiversity protection. For details, please refer to the *Sustainability Report: Environmental – Feature: Biodiversity Protection – Strengthening Strategic Guidance*.

4. In 2025, the Bank launched the *Hua Xia Bank Transition Finance Framework*, which sets out transition finance goals, prioritized sectors, decarbonization pathways for key industries, and supporting mechanism requirements. For details, please refer to the *Sustainability Report: Environmental – Green Finance and Climate Change Tackling – Strategy – Climate-Related Scenario Analysis and Stress Testing – Response Measures*.

Links & references

1. *HUA XIA BANK CO., Limited 2025 Annual Report* (hereinafter referred to as the “*Annual Report*”)

<https://www.hxb.com.cn/images/jrhx/tzzgx/xxpl/dqbg/2026/03/30/3EBB89CE952A8276B5E639C70CDFAB80.pdf> (Chinese)

<https://www.hxb.com.cn/en/images/abouthuaxiabank/investorrelationship/informationdisclosureannualreport/2026/05/26/3710CDC1DF326CBFF5ACDD01EFBF9ED1.pdf> (English)

3.4.1 Operating income

4.8.1 Basic information on branches and overview of tiered management

4.9 EMPLOYEES OF THE BANK AND ITS MAJOR SUBSIDIARIES

2. Relevant sections of the *HUA XIA BANK CO., Limited 2025 Sustainability Report* (hereinafter referred to as the “*Sustainability Report*”)

<https://www.hxb.com.cn/images/jrhx/tzzgx/xxpl/dqbg/kcxfzbg/2026/04/10/EC2175C158AFB0D46B626D01DB738FB2.pdf> (Chinese)

<https://www.hxb.com.cn/en/images/about-hua-xia-bank/investor-relationship/esgreport/2026/04/15/126F5A7FFDBE2E81ED55D6FDC17B6839.pdf> (English)



Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Briefly describe the bank's most significant impact areas and the steps taken to identify, measure and manage them—including impact analysis results, targets set (including sectors, portfolio coverage, and KPIs), actions taken, and progress against the targets. Where targets have been set, share details of the bank's transition/action plan, and progress made. Explain how the bank addressed interlinkages between impact areas where possible.

Response:

1. The sectoral composition of the Bank's corporate loan portfolio remains stable. Therefore, it continues to adopt the previous year's impact analysis and baseline (2021) and keep climate change mitigation and inclusive finance as the two most significant impact areas. Climate change mitigation is primarily achieved through green finance. For 2026, the Bank aims to establish a green loan growth target and regularly monitor its achievement. Inclusive finance aims to maintain reasonable growth in inclusive micro and small business loans and meet the annual growth plan submitted to the regulatory authority. As of the end of 2021, the balance of the Bank's green loans amounted to RMB 208.477 billion, and the balance of its inclusive micro and small business loans totaled RMB 138.039 billion.
2. On this basis, the Bank conducted analyses of climate stress testing for key sectors and carried out a preliminary assessment of material environmental risks in these sectors. See the Supplements for further information.
3. In compliance with *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, the Bank conducted its inaugural double materiality assessment of sustainability issues in 2025. This process systematically identified sustainability issues relevant to the Bank's daily operations and business development, and evaluated the significance of each issue based on both its impact materiality and financial materiality. For details, please refer to the *Sustainability Report: Sustainable Development Management – Double Materiality Assessment of Sustainability Issues*.
4. For the analysis of climate-related risks and opportunities, please refer to the

Sustainability Report: Environmental – Green Finance and Climate Change Tackling – Strategy – Risk and Opportunity Analysis and Financial Impact Analysis.

5. The Bank has further refined and specified its targets for green finance and has identified transition priorities for high-emitting sectors. See the Supplements for further information.

6. The Bank's progress in 2025 on its targets related to green loans and inclusive micro and small business loans is as follows:

The balance of green loans was RMB 285.035 billion in 2024 and RMB 373.357 billion in 2025, representing a 30.99% increase from the beginning of the year. The green loan portfolio is estimated to reduce emissions by 3,077,300 tons of carbon dioxide equivalent (CO₂e) annually, covering nine categories of industries, including energy conservation and carbon reduction, as well as ecological protection, restoration, and utilization, which have positive impacts on climate stability, biodiversity, healthy ecosystems, and recycling. For details on the green loan balance and other indicators on green financial products, please refer to the *Sustainability Report: Key Performance Tables – Environmental Key Performance Indicators – Green Finance.*

The balance of inclusive agriculture-related loans was RMB 17.045 billion in 2024 and RMB 21.338 billion in 2025; the balance of inclusive micro and small business loans was RMB 182.633 billion in 2024 and RMB 193.611 billion in 2025. For details on agriculture-related and micro and small business loans, please refer to the *Sustainability Report: Key Performance Tables – Social Key Performance Indicators – Inclusive Finance.*

Links & references

1. *HUA XIA BANK CO., Limited 2025 Annual Report*

3.8.3 Distribution of loans and NPLs by industry

2. *HUA XIA BANK CO., Limited 2024 Annual Report*

<https://www.hxb.com.cn/images/jrhx/tzzgx/xxpl/dqbg/2025/04/18/D99CF33803F0624048D1CB575C89D1B0.pdf> (Chinese)

<https://www.hxb.com.cn/en/images/abouthuaxiabank/investorrelationship/informationdisclosureannualreport/2025/06/12/7CAA352A8265907512279DC45C9ABC6.pdf> (English)

3.8.3 Distribution of loans and NPLs by industry

3. Relevant sections of the *Sustainability Report*

Principle 3: Clients & Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Briefly describe how the bank works responsibly with clients and customers in relation to significant impacts, including products and services offered, internal policies and processes and engagement to implement targets/action plans/transition plans to encourage sustainable practices/economic activities. Note any changes in the reporting year.

Response:

1. The Bank has intensified product innovation in sustainable finance, including green loans, green bonds, green leasing, green wealth management, green consumption, green investment, digital inclusive products, supply chain finance, biodiversity-linked loans, and region- and industry-specific loan products. See the Supplements for further information.

2. For an analysis of climate-related opportunities at the business level, please refer to the *Sustainability Report: Environmental – Green Finance and Climate Change Tackling – Strategy – Risk and Opportunity Analysis and Financial Impact Analysis*.

Links & references

Relevant sections of the *Sustainability Report*



Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Briefly describe how the bank consults, engages and collaborates/partners with relevant stakeholders for the purpose of implementing the Principles. This could include understanding impacts, setting ambitious targets, advocating for enabling regulatory/policy environments, and creating partnerships that contribute to addressing significant impacts. Note any changes in the reporting year.

Response:

1. Based on its specific business and operational characteristics, the Bank identified six primary stakeholder groups, namely, government and regulatory authorities, shareholders and investors, customers, suppliers, employees, and public welfare organizations. To address the distinct needs of these groups, it developed a set of tailored communication policies, including the *Hua Xia Bank Information Disclosure Management Measures* and the *Hua Xia Bank Investor Relations Work Measures*. For details on stakeholder engagement, please refer to the *Sustainability Report: Sustainable Development Management – Stakeholder Engagement*.

2. In 2025, the Bank received various awards related to sustainable finance from institutions such as the China Banking Association, the People's Bank of China, and the Shanghai Stock Exchange. For details, please refer to the *Sustainability Report: About Hua Xia Bank – Honors and Awards*.

3. Guided by the philosophy of openness and cooperation, the Bank actively responds to domestic and international initiatives. Beyond signing the Principles for Responsible Banking (PRB), it has signed the Principles for Responsible Investment (PRI) and has become a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and a governing institution of the *Global Joint Initiative on the Partnership of Biodiversity and Finance*. The Bank also collaborates with international institutions such as the World Bank, the Agence Française de Développement (AFD), and the Asian Development Bank (ADB). For details on exchanges and cooperation, please refer to the *Sustainability Report: Environmental – Green Finance and Climate Change Tackling – Impacts, Risks and Opportunities Management – Strengthening International Exchanges and*

Cooperation; Environmental – Feature: Biodiversity Protection – Engaging in Cooperation and Exchanges.

4. For details on the Bank’s work on financial literacy promotion, please refer to the *Sustainability Report: Social – Consumer Rights Protection – Impacts, Risks and Opportunities Management – Financial Literacy Promotion*.

5. The Bank’s efforts in public welfare and charity include emergency relief, educational public welfare, paired assistance, and volunteer services. For details, please refer to the *Sustainability Report: Social – Public Welfare and Charity*.

6. The Bank practices responsible procurement. In centralized procurement activities, the Bank proactively implements requirements that support national economic and social development policy objectives, including promoting technological innovation, conserving energy and resources, protecting the ecological environment, and facilitating the development of micro, small, and medium-sized enterprises, and encourages suppliers to embrace the principles of sustainable development. For details, please refer to the *Sustainability Report: Social – Supply Chain Management – Practicing Responsible Procurement*.

Links & references

Relevant sections of the *Sustainability Report*



Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Briefly describe the key governance structures in place (Board and Executive level) and related accountability mechanisms to implement the Principles. This could include how governance supports your bank's management of significant impacts and risks, including target implementation and monitoring of action/transition plans. In addition, briefly describe how a culture of responsible banking is driven internally (e.g. via employee learning & development). Note any changes or progress in the reporting period.

Response:

1. The Bank maintains a three-tier governance structure for sustainable development, comprising the decision-making, management, and implementation levels, with the Board of Directors responsible for formulating, reviewing, and overseeing strategy implementation. For details, please refer to the *Hua Xia Bank Co., Limited 2024 Self-Assessment Report on Principles for Responsible Banking: Principle 5: Governance & Culture*.

2. Building on this, the Bank has established specialized committees at the Board level, such as the Strategy and Sustainable Development Committee and the Nomination and Remuneration Assessment Committee. At the senior management level, it has set up committees including the Green Finance Management Committee, the Risk Management and Internal Control Committee, and the Credit Investment and Financing Policy Committee. Departments at the Head Office, branches, and subsidiaries are the implementing entities of the Bank's sustainable development work, responsible for integrating sustainable development requirements into daily operations, business activities, and internal management. For details, please refer to the *Sustainability Report: Sustainable Development Management – Sustainable Development Governance Structure*.

3. The Board of Directors and Nomination and Remuneration Assessment Committee reviewed and approved a relevant proposal, and incorporated green finance indicators into the assessment framework. For details, please refer to the *Sustainability Report: Environmental – Green Finance and Climate Change*

Tackling – Governance – Board of Directors.

4. For the Bank’s efforts in employee diversity, inclusion, and rights, please refer to the *Sustainability Report: Social – Employees – Recruitment and Talent Acquisition – Compliant Employment and Diversity and Inclusion, Remuneration and Benefits – Remuneration Policy, Benefits System*.

5. In 2025, the Bank held 3 green finance line training sessions, covering nearly 2,000 participants of green finance business management personnel of branches. Main training topics include new green finance standards–Green Finance Supported Project Catalogue, green loan recognition cases, ESG risk management in credit business, etc. For details, please refer to the *Sustainability Report: Environmental – Green Finance and Climate Change Tackling – Impacts, Risks and Opportunities Management – Consolidating the Green Intelligence Foundation*.

6. The Bank adheres to the *Hua Xia Bank Guiding Opinions on the Credit Business Environment and Social Risk Management for Corporate Clients*, which covers the entire process of credit business, including credit investigation, review and approval, contract signing, fund disbursement, and post-lending and post-investment management. In addition, in 2025, the Bank formulated credit approval guidelines for key industries such as agriculture, Electric Power, mining, and petrochemicals, and restricted support for or refrained from engagement in projects with significant negative environmental impacts, high emissions, low energy efficiency, and high pollution. For details, please refer to the *Sustainability Report: Environmental – Green Finance and Climate Change Tackling – Impacts, Risks and Opportunities Management – Deepening Environmental, Social and Governance (ESG) Risk Management – Credit and Investment and Financing Policies – Key Points of Credit Extension Policies for the Bank’s Key Industries and Fields*.

7. The Bank places particular emphasis on strengthening the management of biodiversity risks arising from its investment and financing activities, including assessing and mitigating such risks. For details, please refer to the *Sustainability Report: Environmental – Feature: Biodiversity Protection – Strengthening Risk Management for Business Activities*.

Links & references

1. Relevant sections of the *Sustainability Report*

2. Hua Xia Bank Co., Limited 2024 Self-Assessment Report on Principles for Responsible Banking

<https://www.hxb.com.cn/images/jrhx/tzzgx/xxpl/dqbg/hjxxplbg1/2025/06/30/7610395826630A46E6387E3645C3AF8C.pdf> (Chinese)

<https://www.hxb.com.cn/en/images/about-hua-xia-bank/investor-relationship/prbreport/2025/07/25/D0D5466205619DAEE2AD4DD8186EF5CA.pdf> (English)



Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Provide reference to additional relevant reports, if not listed as references with P1–P5. Briefly note whether/where assurance of sustainability information has been undertaken (optional).

Response:

1. The Bank actively implements the five priorities of financial work. For progress in technology finance, pension finance, and digital finance, please refer to the *Sustainability Report: Social – Technology Finance, Pension Finance, Digital Finance*.

2. Principles 2 and 5 of this statement have been subject to an AA1000 Type 2 assurance at the moderate level by SynTao Green Finance.

3. The content in this statement cited from the *Sustainability Report* has been subject to an AA1000 by SynTao Green Finance. For details, please refer to the *Sustainability Report: About the Report – Assurance of the Report; Indexes – Independent Assurance Statement*.

4. From 2026, the Bank publishes an annual *Sustainability Report* and no longer prepares a *Corporate Social Responsibility Report*. The *Sustainability Report* was prepared accordance with *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* and with reference to standards such as the *GRI Standards* of the Global Sustainability Standards Board (GSSB).

Links & references

Relevant sections of the *Sustainability Report*

Supplements

Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target- setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in *Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector*, as part of its initial or ongoing impact analysis.

Links & references

1. *Sustainability Report*
2. *Hua Xia Bank Credit Approval Guidelines for the Petrochemical Industry*
3. *Hua Xia Bank Credit Approval Guidelines for the Thermal Power Industry*

Response:

1. In 2025, based on its impact analysis, the Bank conducted stress testing on key sectors and carried out a preliminary assessment of material environmental risks in these sectors, as detailed below:

Aligned with the framework of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), the Bank developed three climate scenarios: 2°C Scenario, 1.5°C Scenario, and 3060 Policy Scenario. These scenarios provide reasonable projections of changes in national carbon prices and free carbon allowances over 2025–2030. The Bank selected industries with a high asset weight and significant sensitivity to carbon emission prices as subjects for the stress test. These include the

chemical, iron and steel, and thermal power industries. The analysis focused on how higher corporate carbon costs and transition pressures affect the Bank's asset quality, covering the period 2024–2030. The results indicate that transition pressures have pushed up default rates of high-carbon enterprises to varying degrees in stress scenarios. Default rate pressure is lowest under the 3060 Policy Scenario, followed by the 2 ° C Scenario, and highest under the 1.5 ° C Scenario. Across the three industries, the chemical industry is the most sensitive to carbon price fluctuations and experiences the greatest impact, followed by thermal power; the steel industry demonstrates the greatest resilience. For details, please refer to the *Sustainability Report: Environmental – Green Finance and Climate Change Tackling – Strategy – Climate-Related Scenario Analysis and Stress Testing*.

2. The material environmental risks in key industries include:

Petrochemicals: Prominent risks related to safety, environmental protection, and compliance. The Bank restricts issues among some high-risk customers, such as incomplete supporting environmental protection facilities and pollutant discharge.

Electric Power: Significant transition pressure. The Bank restricts issues among some high-risk customers in the thermal power industry, such as failure to install desulfurization or denitrification facilities as required and non-compliance of unit atmospheric pollutant discharge with the *Emission Standard of Air Pollutants for Thermal Power Plants*.

Mining: The Bank restricts issues among some high-risk customers, such as those related to work safety and pollutant discharge.

Agriculture: The Bank refrains from engaging in certain highly toxic and high-risk pesticide varieties and formulations with environmental persistence and bioaccumulation in accordance with announcements from the Ministry of Agriculture and Rural Affairs and disclosures by relevant national authorities.

Biodiversity-related: The Bank shall judge whether the project scope and region fall within the “Three Lines and One List” (ecological protection red line, environmental quality bottom line, resource utilization upper limit, and environmental access negative list) based on the project's geographical location and conditions. Financing projects shall avoid areas such as national parks, nature reserves, world natural heritage sites, important habitats, and ecological red line protection areas. If overlapping with the above areas, the Bank shall judge whether the project belongs to permitted economic activities in biodiversity conservation spaces in accordance with the *Permissible Economic Activities in Biodiversity Conservation Spaces*; support may be granted if the activities are included in the permitted list. Financing projects

shall avoid areas restricted or prohibited by regional policies.

For details, please refer to the *Sustainability Report: Environmental – Green Finance and Climate Change Tackling – Impacts, Risks and Opportunities Management – Deepening Environmental, Social and Governance (ESG) Risk Management – Credit and Investment and Financing Policies – Key Points of Credit Extension Policies for the Bank’s Key Industries and Fields.*

Targets, Target Implementation, and Action Plans/Transition plans

Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones.

Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in *Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector.*

Links & references

1. *Sustainability Report*
2. *Analysis of Key Industries Affected by Climate-related Transition Risks* (internal document)

Response:

1. More specific targets for green finance include:

By 2027, the Bank will enhance the green client marketing system, with a focus on expanding green customer coverage and building a green finance ecosystem to upgrade green finance quality and scale. It will achieve industry-leading growth in both the rate and volume of green loans; support flagship projects, innovate service models, strengthen brand building, formulate green customer criteria, and foster a high-quality, distinctive green finance development model featuring strong professional capabilities, advanced governance mechanisms, and a top-tier green asset ratio.

As of the end of 2025, the balance of green loans of the Bank totaled RMB 373.357 billion, up 30.99% year-on-year, while the proportion of green loans exceeded 15%, reaching the established target. For details, please refer to the *Sustainability Report: Environmental – Green Finance and Climate Change Tackling – Indicators and Targets.*

2. In transition finance, the Bank will also actively develop green finance

and systematically identify core technological pathways and strategies for transition with a focus on key industries. It will take into comprehensive consideration the key regulatory priorities under the national carbon peaking and carbon neutrality strategy, the high-emitting industries restricted under the Bank's existing credit policies, and the highly concentrated industries in the Bank's credit assets. In light of these factors, industries such as steel, petrochemicals, non-ferrous metals, paper-making, cement, glass, chemicals, and textiles will be included within the scope of priority sector for transition finance.

Steel: Focusing on key areas such as energy substitution and breakthroughs in smelting technologies, the Bank will prioritize support for the following technological pathways: system energy efficiency improvement; clean energy substitution, resource recycling; upgrades for environmental protection and emission reduction; process optimization and redesign; breakthroughs in smelting technologies; digital empowerment; carbon capture and utilization (CCU); product structure optimization; and the development of green and low-carbon industrial chains.

Petrochemical: Focusing on key process upgrades and energy structure optimization, the Bank will prioritize support for the following technological pathways: transformation to low-carbon energy consumption; efficient recycling of resources; low-carbon and harmless raw materials; electrification of energy-consuming terminals; upgrades for energy-saving and emission-reducing production processes; replacement of outdated facilities; energy-saving retrofitting and upgrading of key and general energy-consuming equipment; carbon sequestration and negative-emission technologies; and the green construction, procurement, and upgrading of infrastructure and equipment.

Non-ferrous metals: The Bank will focus on increasing investment and financing for projects such as the utilization of recycled resources and clean energy substitution, and guiding clients in the non-ferrous metals industry to improve quality and efficiency and transition toward lower carbon emissions. It will prioritize support for the following technological pathways: improving the utilization of recycled metals; promoting the transition to a low-carbon energy mix; enhancing electrification of energy-consuming terminals, optimizing process flows; upgrading key and general energy-consuming equipment; enhance operational performance of energy-consuming terminals; carbon sequestration and negative-emission technologies; and the green construction, procurement, and upgrading of infrastructure and equipment.

Paper-making: Focusing on key areas such as resource recycling and energy-saving equipment upgrades, the Bank will provide transition credit

and comprehensive financial solutions tailored to industry characteristics. It will prioritize support for the following technological pathways: the transition to a low-carbon energy mix; resource recycling; improving electrification of energy-consuming terminals; upgrades for energy-saving and lower-emitting production processes; upgrading key and general energy-consuming equipment; carbon sequestration and negative-emission technologies; and the green construction, procurement, and upgrading of infrastructure and equipment.

Glass manufacturing: Focusing on the industry's financing needs in areas such as raw material and fuel substitution, energy efficiency improvement, and green building material innovation, the Bank will promote enterprises to accelerate key technological upgrades. It will prioritize support for the following technological pathways: raw material and fuel substitution; energy efficiency improvement; carbon capture, utilization, and storage (CCUS); and new high-efficiency building-integrated photovoltaic application technologies.

Cement manufacturing: The Bank will strengthen financial support for low-carbon cement products and energy transition. It will prioritize support for the following technological pathways: low-carbon cement; green energy and raw material/fuel substitution in cement production; energy efficiency improvement; and carbon capture, utilization, and storage (CCUS).

Chemical: Focusing on green technologies and processes, clean energy utilization, and key equipment upgrades, the Bank will prioritize support for the following technological pathways: green technologies and processes, major energy-saving equipment, clean energy utilization, optimized resource use, and retrofitting of auxiliary facilities.

Textile: The Bank will guide textile enterprises to increase investment in areas such as improving production energy efficiency, energy-saving dyeing and finishing, and fiber material innovation, while integrating diversified financial resources to promote process upgrades. It will prioritize support for the following technological pathways: improving production energy efficiency; digital production; preparation of new fiber materials; green and low-carbon fiber production technologies; energy-saving pre-treatment, dyeing, and finishing technologies; textile chemical application technologies; advanced equipment technologies; recycling technologies; and key industrial application technologies.

Principle 3: Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Client and Customer engagement

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on the client engagement strategy including but not limited to the impact areas identified/targets set, awareness raising activities with clients and customers, relevant policies and processes, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

Links & references

Sustainability Report:

Environmental – Green Finance and Climate Change Tackling – Impacts, Risks and Opportunities Management – Innovative Green Financial Products and Services

Environmental – Feature: Biodiversity Protection – Enriching Financial Practices

Social – Inclusive Finance – Impacts, Risks and Opportunities Management

Response:

1. Innovations in green finance products and services include:

Green loans: The Bank supports low-carbon transition with a product matrix that includes financing for energy performance contracting, photovoltaic project loans, carbon emission rights pledge financing, carbon reduction loans, transition finance loans, carbon forward transaction guarantees, and green project portfolio financing. In addition, the Bank supports ecological conservation and biodiversity with special products such as pilot loans under the Ecological Environment-oriented Development (EOD) model, Water Rights Loans, New Plant Variety Rights Pledge Loans, and biodiversity-linked loans.

For example, the Bank has supported zero-carbon parks in Nanjing (Jiangsu), Chongqing, and Xi'an (Shaanxi); a global virtual power plant centered on “distributed photovoltaic + energy storage + intelligent dispatch” in Huzhou (Zhejiang); non-hazardous waste treatment and resource recovery in Nanchang (Jiangxi); the new energy battery industry chain in Jinan (Shandong); pollution reduction in the manufacturing sector in Nanchang (Jiangxi); and eco-tourism in Kunming (Yunnan). These projects all deliver direct or indirect emission reduction benefits or ecological value.

Green bonds: In 2025, the Bank issued “Hua Xia Bank Co., Ltd. 2025 Green Financial Bonds (Phase I),” a 3-year fixed-rate bond with an issuance size of RMB 20 billion. By the end of 2025, RMB 17.632 billion had been allocated, focusing on supporting 131 green industrial projects in energy conservation and environmental protection, clean energy, ecological environment, and green upgrading of infrastructure.

In 2025, the Bank successfully completed the first overseas green bond of an energy State-owned Enterprise during the reporting period; realized the US dollar bond project with the lowest coupon rate for Shandong state-owned enterprises in the past two years; and launched the first overseas Euro-denominated sustainable development bond in the Chinese food consumer goods industry.

Green wealth management: Huaxia Wealth Management integrates the ESG concept into the whole process of wealth management business, continuously increases the allocation ratio of green bonds, and actively expands the creation of non-standard assets of green industries to support the green and low-carbon transformation of the real economy. For example, it created a low-carbon transition finance service solution for a steel enterprise, linking the debt financing interest rate to the enterprise's low-carbon transformation target of “scrap steel utilization.”

Green investment: The Bank actively invested in green bonds, green asset-backed securities, green-themed funds, and other products to help funds gather in green industries. By the end of 2025, the balance of green investment of the Group reached RMB 45.944 billion, a year-on-year increase of RMB 19.617 billion, an increase of 74.51%.

For example:

Nanjing Branch facilitated the launch of China's first green asset-backed plan (China Insurance Asset Registration and Trading System ABS) that uses steam charging revenue right as the underlying asset. Using industrial steam supply revenue rights as the underlying assets, the project replaces the "distributed coal combustion" model with "centralized heating," effectively reducing sulfur dioxide and particulate matter emissions, and obtaining the highest-level green certification from external professional institutions.

Changzhou Branch launched the industry's first 25-year green power private equity trust. The funds are invested in distributed PV power stations of 15,900 farmers in five provinces including Shandong and Henan, with an installed scale of over 450 MW, reducing carbon dioxide emissions by 364,800 tons annually. The project has formed a "green + inclusive" effect.

Yinchuan Branch, together with Huaxia Wealth Management, participated in the investment of China's first carbon neutral green perpetual high-growth industrial bond issued by a power investment group.

For details on products and services such as green leasing, green consumption, green travel, and green custody, please refer to Environmental – Green Finance and Climate Change Tackling – Impacts, Risks and Opportunities Management – Innovative Green Financial Products and Services.

2. Innovations in inclusive finance products and services include:

The Bank supports micro and small-sized enterprises (MSEs) through supply chain finance; promotes rural revitalization with specialized agricultural loan products such as "Seed Patent Pledge Loan;" provides targeted support to MSE clients through region- and industry-specific loan products; improves approval efficiency through digital inclusive finance initiatives; and enhances service accessibility for elderly customers, persons with disabilities, and foreign nationals in China through coordinated services combining mobile applications, customer hotlines, and offline channels.

Independent Assurance Statement for the *Hua Xia Bank* *2025 Responsible Banking Progress Statement for PRB Signatories*

To the management team and stakeholders of Hua Xia Bank,

SynTao Green Finance Co., Ltd. (hereinafter referred to as “SynTao GF”) was commissioned by Hua Xia Bank Co., Ltd. (hereinafter referred to as “Hua Xia Bank”) to conduct an independent third-party assurance of the relevant information and data disclosed in its *Hua Xia Bank 2025 Responsible Banking Progress Statement for PRB Signatories* (hereinafter referred to as “PRB Report”). The assurance conducted by SynTao GF is outlined as follows:

Scope of Assurance

1. Timeframe

The assurance was limited to the information disclosed in the *PRB Report* for the period from January 1, 2025, to December 31, 2025. Any relevant information outside this reporting period were not within the scope of this assurance.

2. Information and Data Scope

The scope of this assurance was limited to the information and data concerning Hua Xia Bank covered in the *PRB Report* and did not include information and data from third parties such as Hua Xia Bank's suppliers. Information and data disclosed in the *PRB Report* that had already been audited or verified by independent third-party organisations were not re-verified in this process.

3. Assurance Scope

The assurance scope aimed to assess whether the *PRB Report* complied with the Inclusivity, Materiality, Responsiveness, and Impact principles outlined in AA1000AP (2018). It also assessed whether the governance structure related to impact analysis, target setting, target implementation and monitoring, and the implementation of Principles for Responsible Banking complied with the requirements of the *Guidance for assurance providers: Providing Limited Assurance to Reporting*.

Responsibilities

The responsibility of Hua Xia Bank was to ensure the integrity and accuracy of the content of the *PRB Report* and the information provided to SynTao GF, with no significant misrepresentations.

The responsibility of SynTao GF was to issue an independent assurance statement based on the information provided by Hua Xia Bank under AA1000 Assurance Standard v3 (AA1000AS v3) and the United Nations Environment Programme Finance Initiative (UNEP FI) *Guidance for assurance providers: Providing Limited Assurance for Reporting*.

Standards

SynTao GF utilized AA1000AS v3 as the reference standard for assurance services. AA1000AS v3 refers to the assurance standard created by AccountAbility. The type and depth of assurance conducted in this instance were categorized as “Type 2, Moderate Assurance”.

The assurance statement was prepared by SynTao GF following the *SynTao GF Non-Financial Report Assurance Method*. In addition to AA1000AS v3, the standards, principles, and initiatives referenced included: UNEP FI *Principles for Responsible Banking* / UNEP FI *Guidance for assurance providers: Providing Limited Assurance for Reporting* / Global Reporting Initiative *GRI Standards* / Sustainability Reporting Guides from Shanghai, Shenzhen and Beijing Stock Exchanges / Hong Kong Exchanges and Clearing *Limited ESG Reporting Code* / Task Force on Climate-related Financial Disclosures *TCFD Framework* / International Sustainability Standards Board (ISSB) *IFRS S1 - General Requirements for Disclosures of Sustainability-related Financial Information* and *IFRS S2 Climate-related Disclosures* / European Union *Corporate Sustainability Reporting Directive (CSRD)* / *Greenhouse Gas Protocol (GHG Protocol)*, among others.

Assurance Methodology

1. Assurance Plan

SynTao GF recorded key resource requirements, evidence to be collected, tasks, activities, deliverables, and timelines in the schedule, forming a plan.

2. Information Collection

Following principles of clarity, balance, completeness, and timeliness, SynTao GF assessed the quality of the collected information.

3. Conducting Assurance

- Conducting interviews the sustainability management, including responsible employee from various departments including: Office of board of directors, Corporate Finance, Risk Management, Inclusive Finance (Technology Finance), etc.
- Verifying relevant documents and materials provided by Hua Xia Bank.
- Assessing whether the information and data in the *PRB Report* comply with the inclusivity, materiality, responsiveness, and impact principles in sustainability reporting.
- Evaluating whether the information and data in the *PRB Report* comply with the requirements of the *Guidance for assurance providers: Providing Limited Assurance for Reporting*.

4. Any other necessary work deemed by SynTao GF

Independence and Capability

1. Independence

SynTao GF and Hua Xia Bank are entirely independent entities. Apart from the services specified in the verification contract, SynTao GF has no other affiliations with Hua Xia Bank.

2. Capability

SynTao GF specializes in providing professional consulting, research, and training services in sustainable finance, including environmental, social, and corporate governance (ESG) ratings, green finance strategy, Environmental and Social Risk Management (ESRM), green finance product innovation, research on green finance and responsible investment, green bond assurance, as well as green credit and responsible investment capacity building.

Members of SynTao GF's assurance team hold qualifications in AA1000 Certified Sustainability Assurance Practitioner (CSAP), ISO14001 internal auditing, CFA ESG, EFFAS Certified ESG Analyst, GRI training certification, carbon asset management, and other qualifications in the field of sustainable development. The team consists of professionals with extensive experience in the field of sustainable development and a comprehensive understanding of assurance service.

Limitations

SynTao GF relied entirely on the information and data provided by Hua Xia Bank required in the assurance of this *PRB Report* and did not collect information from other external sources. Interviews also did not involve external stakeholders.

Content for Assurance

1. Sustainability Principles

Inclusivity: Hua Xia Bank has fully identified the bank's internal and external stakeholders. The bank understands the expectations and concerns of stakeholders from regular communication with stakeholders.

Materiality: By utilising the tools provided by UNEP FI, Hua Xia Bank has identified material impacts that are highly relevant to the bank, set corresponding targets, and disclosed the bank's sustainability policy and programmes in its reports.

Responsiveness: Hua Xia Bank has established a stakeholder engagement mechanism focusing on the concerns of stakeholders, and responded to the demands and expectations from key stakeholders.

Impact: Hua Xia Bank has an organisational structure that is compatible with sustainable development and integrates the concept of sustainable development into the bank's business activities. Hua Xia Bank has also formulated impact analysis method and target monitoring plan.

2. Principles for Responsible Banking

Impact Analysis: Hua Xia Bank has accurate data on products, services, and portfolios in its main business areas. Hua Xia Bank disclosed the methodology for impact analysis and target setting, and the data and performance indicators were reasonably selected and followed the relevant governance processes.

Target Setting: Hua Xia Bank's target setting relates to the significant impacts identified in the impact analysis, with baseline set that is reasonable and milestones set that are specific, measurable, relevant and time-bound, consistent with relevant domestic policies.

Target Implementation and Monitoring: Hua Xia Bank has also formulated a monitoring plan for the implementation of the targets, specifying the departments and personnel responsible for monitoring. Hua Xia Bank has made relevant plans to implement actions for the targets set, and relevant indicator and target value to monitor the implementation actions.

Governance Structure for the Implementation of the Principles for Responsible Banking: Hua Xia Bank's sustainability governance structure and reporting line includes board of directors, senior management, department level and sub-branch level. Senior executives regularly review the implementation of the targets. The performance appraisal of the senior executives is linked to the implementation of the businesses including the growth rate of green loan.

Conclusion

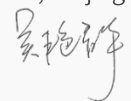
- SynTao GF did not identify any non-compliance with the Inclusivity, Materiality, Responsiveness, and Impact principles outlined in AA1000AP (2018) in the *Hua Xia Bank 2025 Responsible Banking Progress Statement for PRB Signatories*.
- SynTao GF found the disclosed data regarding the products, services, and investment portfolios in the operational regions of Hua Xia Bank to be reliable, without any quality issues, and suitable for stakeholders to refer to. Regarding the impact analysis and target setting in the *Hua Xia Bank 2025 Responsible Banking Progress Statement for PRB Signatories*, SynTao GF did not find any information or data that would compromise its reliability and quality, nor did it find any non-compliance with the *Guidance for Assurance Providers: Providing Limited Assurance to Reporting from UNEP FI*.



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Assurance Provider: SynTao Green Finance Co., Ltd.

Assurance Team Lead: WU, Yanjing



Beijing, China

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