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Principles for  
Responsible Banking

# Responsible Banking Progress Statement for PRB Signatories



# Summary template

## [Shaanxi Qinnong Rural Commercial Bank Co., Ltd] 2024

<b>Principle 1: Alignment</b>	<b>Principle 2: Impact &amp; Target Setting</b>	<b>Principle 3: Clients &amp; Customers</b>
<p>Aligned with China's "Dual Carbon" goals, Qinnong Rural Commercial Bank embeds sustainability principles across all operational domains and management processes. We have institutionalized ESG (Environmental, Social, and Governance) frameworks, establishing green finance as a core lever for serving national/regional development while achieving high-quality growth. The low-carbon transition is advanced through corporate governance, policy architecture, product innovation, FinTech integration, and internal controls.</p> <p>Strategically, we champion stakeholder capitalism via incentive corporate citizenship initiatives, constructing enduring sustainability mechanisms.</p>	<p>The Bank formulates five-year strategic development plans through comprehensive analysis of macro/micro environments, market competition, regional development, and industrial restructuring. The Board of Directors reviews institution-wide operating plans, setting annual priorities. Senior management translates directives into key objectives for execution. Departmental KPIs align with strategic pillars.</p> <p>1. Green Finance Acceleration As a PRB (Principles for Responsible Banking)-aligned core lever, we issued Qinnong Bank Green Finance Development Plan (2023-2025), which mandates that green loan portfolio growth should outpace average loan growth.</p> <p>2. Inclusive Finance Implementation Fulfilling our institutional mandate as a rural commercial bank, we ensure that inclusive MSME (Micro, Small, and Medium Enterprises) loan growth outperforms average loan growth.</p>	<p>The Bank adheres to a customer-centric service philosophy, advancing digital transformation to upgrade business and management models. Focusing on the Five Priority Areas<sup>1</sup>: it established 49 Age-Friendly Payment Service Model Branches, certified 312 Age-Friendly Payment Service Standard Branches, and cultivated the service brand "QinNong by your side, happiness far and wide". We enhanced the consumer rights protection framework through proactive financial literacy initiatives and risk mitigation.</p> <p>As of 2024, the total assets of the Bank are ¥458.677 billion. The gross loan portfolio is ¥233.093 billion, which includes ¥22.341 billion in inclusive MSME financing, ¥36.389 billion in agriculture-related lending, ¥8.328 billion in green finance exposure, and ¥208.985 billion in real economy credit. The Bank achieved a net profit of RMB 1.874 billion, further strengthening its sustainable development foundations.</p>
<b>Links &amp; references</b> [2024 Annual Report "Management Discussion and Analysis" "Environmental, Social, and Governance"]	<b>Links &amp; references</b> [2024 Annual Report "Business Development   Financial Statements & Audit Report" "Environmental, Social, and Governance"]	<b>Links &amp; references</b> [2024 Annual Report "Business Development" "Environmental, Social, and Governance"]

<p><b>Principle 4:</b> <b>Stakeholders</b></p>	<p><b>Principle 5:</b> <b>Governance &amp; Culture</b></p>	<p><b>Principle 6:</b> <b>Transparency &amp; Accountability</b></p>
<p>The Bank pursues "Deepening Local Economy Development, Specializing in Agri-SME Support, and benefiting Urban-Rural Residents" strategic positioning, sets the "Six Bank2" strategic framework, and proactively addresses multi-stakeholder interests.</p> <p>Annually, the Bank aligns with national strategies, central and provincial policy directives, and regional development needs to set institutional priorities. In 2024, the Bank's priorities include enhancing corporate governance mechanisms, focusing on Five Priority Areas, elevating client satisfaction metrics, safeguarding employee rights, and practicing social responsibilities.</p>	<p>The Bank has strengthened internal governance by establishing an ESG governance framework, clearly defining the responsibilities of the Board of Directors, senior management, and relevant departments and branches, while continuously enhancing the strategic role of ESG.</p> <p>Through training programs and clear operational guidelines, the Bank integrates key initiatives with our strategic planning, steadily improving the quality and effectiveness of ESG management.</p>	<p>The relevant data and information in this report are sourced from 2024 Annual Report. The Annual Report has been audited by an accounting firm, which has issued a standard and unqualified auditor's report. The aforementioned report was reviewed and approved at the 16th meeting of the second board of directors of the Bank on April 28, 2025.</p>
<p><b>Links &amp; references</b> [Qinnong Bank's official website: Investor Relations, Corporate Announcements, and Qinnong News]</p>	<p><b>Links &amp; references</b> [2024 Annual Report "Risk Management" "Corporate Governance and Internal Controls", "Environmental, Social and Governance (ESG)"]</p>	<p><b>Links &amp; references</b> [<a href="https://www.qinnongbank.com">https://www.qinnongbank.com</a>]</p>

# Supplements templates

## 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.

### Business model

Describe (high-level) your bank's business model, including the main business lines, customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, business areas or by disclosing the number of customers and clients served.

### Links & references

2024 Annual Report "Management Discussion and Analysis"

### Response

Shaanxi Qinnong Rural Commercial Bank Co., Ltd (hereinafter referred to as the "Company," "the Bank," or "Qinnong Bank") was established in May 2015 and is headquartered in Xi'an, Shaanxi Province. Qinnong Bank actively integrates into Shaanxi's local economic development and operates throughout Xi'an. Serving as a new force/playing a key role in supporting local agriculture, rural areas, and farmers, as well as providing inclusive finance to micro and small businesses.

In terms of corporate finance business, it aims to enhance the ability to serve the high-quality regional substantial/real economy (the ability to serve the high-quality development of the regional real economy has been enhanced). Focused on the "five major articles", the "34+8+8" key industrial chains at the provincial level, and key construction projects at the provincial and municipal levels, efforts have been directed toward strengthening the pipeline and execution of asset-based business initiatives. As of the end of 2024, the total balance of large corporate loans across the bank reached RMB 139.727 billion, representing an increase of RMB 16.87 billion compared to the same period in the previous year.

In the field of retail financial services, the bank launched a Customer Relationship Management (CRM) system and conducted targeted marketing campaigns. Additionally, a new personal consumption loan product named "Qinzheng Loan" was introduced, and the bank expanded its business operations to include housing provident fund loans. By the end of 2024, the total personal deposit balance across the bank reached RMB 278.357 billion, while the cumulative personal loan disbursements increased by 12.39% year-on-year.

In the area of inclusive finance services, the Bank established a specialized team dedicated to the "Supporting Small and Micro Enterprises Financing Coordination Mechanism", carefully organized the "Thousand Enterprises and Ten Thousand Households Visit" initiative, and actively promoted the special marketing campaign focused on technology-enabled financial services. As of

the end of 2024, the balance of inclusive loans extended to small and micro enterprises across the Bank reached RMB 22.341 billion, reflecting a year-on-year increase of 28.31%. The outstanding loan balance for technology enterprises exceeded RMB 5 billion, with a remarkable growth rate of 506.53%.

With regard to agriculture-related business, the Bank continued to advance the development of the “Three Assets and Three Modernizations” management platform and the trading market platform for urban-rural integration elements. It successfully completed the establishment of 177 “Three Assets and Three Modernizations” rural collective asset supervision and operation service centers, delivering financial services to 2,527 village-level collective economic organizations in Xi’an. The Bank also enhanced credit support for agricultural enterprises and facilitated the development of regionally distinctive agricultural products. By the end of 2024, the total balance of agriculture-related loans across the Bank amounted to RMB 36.389 billion, with a growth rate of 3.43%.

### Strategy alignment

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and other international frameworks such as the Kunming-Montreal Global Biodiversity Framework (GBF), the United Nations Guiding Principles on Business and Human Right (UNGPs), the forthcoming instrument on plastic pollution etc.

Include any other national and/or regional frameworks that your bank has a strategy to align with where relevant.

### Links & references

2024 Annual Report “Environmental, Social, and Governance”

### Response

Qinnong Bank fully implements the ESG concept, actively responds to the calls of the state and the government, deeply practices Xi Jinping’s ecological civilization thought, fully implements the national “peak carbon and carbon neutrality” strategic deployment, focuses on green finance, and fully integrates corporate social responsibility into business management practices.

In terms of strategic planning, Qinnong Bank continuously guides and encourages the exploration of diverse approaches to fulfill its environmental and social responsibilities. The Bank has developed a deep understanding of the social and environmental responsibilities of commercial banks and has formally incorporated green finance into its corporate development strategy. Social responsibility is systematically integrated into the Bank’s corporate culture and core values.

In terms of organizational structure, the Bank is actively establishing a comprehensive ESG governance framework, which includes the Board of Directors, the Board’s Strategic Committee, Senior Management, the Green Finance Services Working Group, the PRB Working Group, as well as relevant departments and branches responsible for implementation. The Bank continues to strengthen the strategic leadership role of ESG in guiding its sustainable development.

In the area of risk management, Qinnong Bank has established a top-down framework to ensure the timely identification, monitoring, and management of ESG risks across its business operations. The Bank has also enhanced the identification and control of green finance-related risks throughout the lifecycle of financial products and services. To this end, the Bank has implemented full-process management of green credit, introduced a “one-vote veto” mechanism for projects that fail to meet environmental and social risk assessment criteria, and strengthened the access control process for green finance business.

In relation to stakeholder engagement, the Bank actively enhances its communication strategies with stakeholders across all aspects of its daily business operations. It systematically collects opinions and feedback through diverse channels, including outreach activities conducted in communities, schools, and enterprises, thereby effectively safeguarding consumer rights and interests.

## 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

2024 Annual Report of “Business Development | Financial Statements & Audit Report”

### Response

**Impact Analysis Scope:**All financial assets of Qinnong Bank are located within Mainland China. All business operations are concentrated in Xi’an City, Shaanxi Province. The business scope covers the fundamental operations approved by regulators for banking and financial institutions. The Bank’s deposit business includes personal deposits and corporate deposits; its loan business includes personal loans and corporate loans.

As of the end of 2024, the Bank’s total assets reached ¥458.677 billion, representing a year-on-year increase of 3.28%. Total deposits amounted to ¥351.009 billion, an increase of 5.25%. Total loans stood at ¥233.093 billion, an increase of 5.88%. The Bank achieved a net profit of ¥1.874 billion. The non-performing loan (NPL) ratio was 1.77%, the provision coverage ratio was 178.29%, and the capital adequacy ratio was 12.8%, continuously strengthening the foundation for sustainable development.

Type	Xi’an Region	Qinnong Bank	
	Balance (billion)	Balance (billion)	Market share (%)
Deposits	3688.647	351.009	9.52%
Loans	3827.949	233.093	6.09%

**Portfolio Composition:** According to the 2024 Financial Report, the Bank’s loan portfolio, categorized by client industry sector, is primarily distributed across the following top ten industries: construction; leasing and business services; real estate; wholesale and retail trade; water conservancy, environmental management, and public infrastructure administration; manufacturing; culture, sports, and entertainment; transportation, warehousing, and postal services; agriculture, forestry, animal husbandry, and fisheries; and mining.

Industry	As the end of December 2024	
	Balance (billion)	Proportion (%)
Construction	29.408	12.62

Leasing and business services	27.200	11.67
Real estate	23.950	10.27
Wholesale and retail trade	23.188	9.95
Water conservancy environment and public facilities management	13.943	5.98
Manufacturing	6.818	2.93
Culture, sports and entertainment	6.303	2.70
Transportation, warehousing and postal services	4.121	1.77
Agriculture, forestry, animal husbandry and fishery	3.778	1.62
Mining	2.806	1.20

**Policy Context:** In September 2020, China launched the national initiative to “accelerate green and low-carbon transformation for sustainable recovery,” setting the landmark “30•60” Dual Carbon Goals—peaking carbon emissions by 2030 and achieving carbon neutrality by 2060. The Central Financial Work Conference held in October 2023 further emphasized the need for the financial sector to prioritize five key areas: technology finance, green finance, inclusive finance, pension finance, and digital finance. Subsequently, the Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development and the Guiding Opinions on Effectively Advancing the “Five Key Areas of Financial Services” were issued, outlining the key fields and core priorities for accelerating the construction of a financial power.

Regulatory authorities have successively issued a series of policy documents to guide the development of green finance, including the Green Credit Guidelines, the Guidelines for Building a Green Financial System, the Notice on Establishing a Special Statistical System for Green Loans, the Green Bond Supported Projects Catalogue, the Green Finance Evaluation Plan for Banking Institutions, and the Green Finance Guidelines for the Banking and Insurance Sectors. These policies provide a solid institutional foundation and directional guidance for the sustainable development of green finance.

A series of inclusive finance policies have been issued, including the Notice on Enhancing Financial Services for Small and Micro Enterprises in 2023, the Implementation Opinions on Promoting High-Quality Development of Inclusive Finance, the Notice on Strengthening Financial Support Measures to Facilitate the Growth of the Private Economy, the Notice on Doing a Good Job in Inclusive Credit Work in 2024, the Notice on Improving Loan Renewal Services to Enhance Financial Services for Small and Micro Enterprises, and the Notice on Financial Services for Small and Micro Enterprises in 2025. The National Financial Regulatory Administration has established a coordinated mechanism to support financing for small and micro enterprises, thereby advancing the high-quality development of inclusive finance.

**Regional Development:** During the 14th Five-Year Plan period, Shaanxi Province has deepened the implementation of the “Three-Year Initiative” and concentrated efforts on winning the “Eight Critical Battles,” vigorously advancing the development of county-level economies, the private sector, the open economy, and the digital economy. Meanwhile, Xi’an has continued to promote the

construction of the “Dual Hubs,” expanding both domestic and international openness while accelerating the growth of advanced manufacturing, technological innovation, new energy, and photovoltaic industries. As a result, new advantages and drivers for high-quality development are rapidly emerging. As a local bank rooted in Shaanxi, Qinnong Bank fully leverages regional development opportunities, monitors industrial trends, prioritizes agriculture-related sectors and inclusive financial services for small businesses, promotes green finance initiatives, and enhances product and service innovation.

According to the UNEP (United Nations Environment Programme) Financial Impact Radar, the Bank’s positive impacts are reflected across key dimensions including financial availability, affordability, the quality of resources and services, and contributions to a resilient and inclusive economy. In alignment with the 17 United Nations Sustainable Development Goals (SDGs), the Bank’s key areas of positive influence include poverty eradication, good health and well-being, sustainable cities and communities, as well as sustained, inclusive, and sustainable economic growth.

Figure 1: The Bank's Positive Impacts on 12 Impact Areas (Based on UNEP FI Impact Radar)

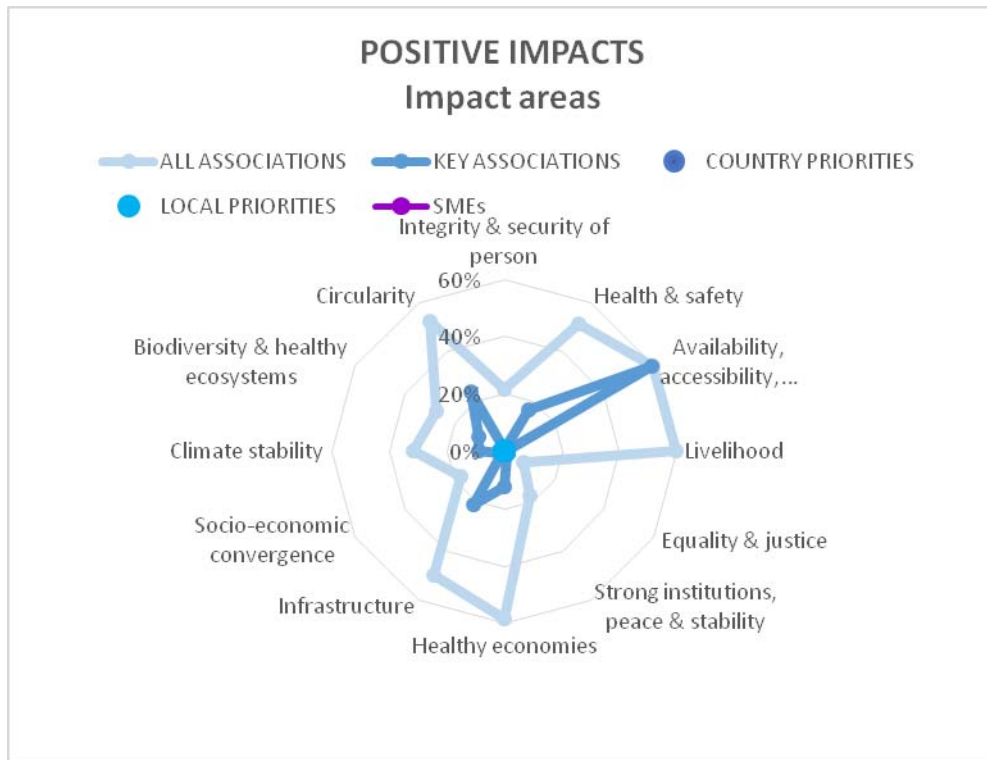
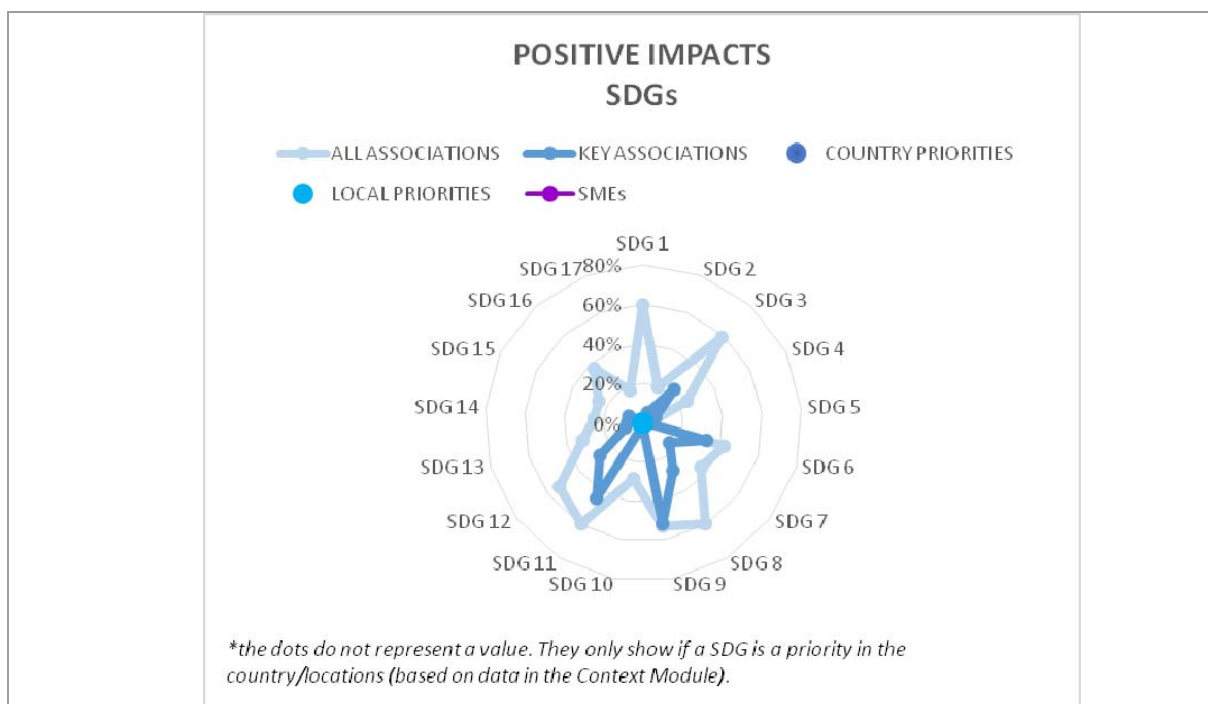


Figure 2: The Bank's Positive Impacts on 17 SDG Goals



Based on the above dimensions, the Bank will prioritize the focus areas of climate change and health and an inclusive economy when implementing its target-setting strategy.

**For performance measurement:** aligning with the National Financial Regulatory Administration’s assessment of financial institutions in green finance and inclusive finance, the Bank will adopt relevant indicators from green finance and inclusive finance for evaluation.

**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 \(2024\)](#).

**Links & references**

2024 Annual Report “Business Development”, “Environmental, Social, and Governance (ESG)”

**Response**

Based on the comprehensive impact analysis above, Qinnong Bank has established two distinct strategic targets:

--Advancing Green Finance constitutes a pivotal initiative for implementing the Principles for Responsible Banking. In 2023, the Bank formulated and issued the Qinnong Bank Green Finance Development Plan (2023–2025), explicitly setting the target that the growth rate of its green loan portfolio shall be no lower than the average growth rate of its total loan portfolio.

--Strengthening Inclusive Finance represents the Bank's foundational purpose and enduring mission as a local rural commercial bank, a commitment consistently upheld over the years. The Bank has determined that the growth rate of inclusive finance loans to micro and small enterprises shall be no lower than the average growth rate of its total loan portfolio.

Detailed work measures for achieving these two targets in 2024 are outlined in the Qinnong Bank 2024 Annual Report.

### **Green Finance Initiatives:**

1. **Enhancing Governance Structure:** A three-tier governance framework has been established, comprising the decision-making level, senior management, and implementation units. Under this structure, senior management has formed a Green Finance Services Working Group, led by an executive responsible for green finance, and has assembled a dedicated green finance advisory team to accurately identify and respond to the financial needs of enterprises operating in green industries.
2. **Strengthening Institutional Systems:** The Bank has revised the Green Credit Management Measures, established an inter-departmental coordination mechanism, issued the Green Finance Services Implementation Plan, and formulated the Green Credit Business Operational Procedures. These measures clarify key operational details, including green credit identification processes, classification criteria, and statistical standards, thereby enhancing institutional completeness and operational efficiency.
3. **Innovating Financial Products and Services:** The Bank has adopted a "Green+" development strategy. It successfully executed its first carbon emission reduction loan and accessed funding through the central bank's carbon emission reduction support facility. Targeted financial campaigns have been launched to support the "replacement of old with new" initiative. In alignment with the Xi'an Municipal Government's "Ten Million Project" for distributed photovoltaic power stations in key rural villages, the Bank developed and launched the specialized credit product "Huinong Solar Loan." By the end of 2024, the Bank's green agriculture-related loan balance had reached ¥4 billion, the green inclusive finance loan balance stood at ¥800 million, and the green building loan balance totaled ¥1.8 billion.
4. **Strengthening Green Business Management:** A bottom-up system has been established for the timely identification, monitoring, and management of environmental, social, and governance (ESG) risks across business operations. This system enhances the identification and control of green finance-related risks throughout the entire business lifecycle. The Bank has implemented full-process green credit management along with a "one-vote veto" mechanism for projects failing to meet environmental and social risk assessment criteria, thereby strengthening access management for green business. A post-disbursement continuous monitoring mechanism has been introduced for existing credit portfolios to meet list-based management requirements. The Bank has also defined green loan statistical standards, instituted a three-tier green loan review process, and conducted monthly verification and classification of green-labeled loans within the credit system to ensure high-quality data reporting.
5. **Refining Service Support Mechanisms:** The Bank has implemented a green credit incentive and constraint framework, supported by dedicated green credit allocation plans to guide increased lending in sustainable sectors. Differentiated management strategies have been applied in areas such as green credit pricing and economic capital allocation to promote the expansion of green credit portfolios. In parallel, specialized green finance training programs have been conducted to cultivate a professional talent pool in the field of green finance.

As of the end of 2024, the Bank's green loan balance had reached ¥8.328 billion, representing an increase of ¥2.579 billion compared to the beginning of the year, or a year-on-year growth rate of 44.86%. The outstanding balance of green financial bonds amounted to ¥2 billion, while the Bank

held 42 green-themed bonds with a total value of ¥6.407 billion.

### **Inclusive Finance Initiatives:**

1. Strengthening Inclusive Financial Services: Conducted activities for the “Inclusive Finance Promotion Month”, proactively engaging market entities to address financial needs. Executed the “Thousands of Enterprises & Households Outreach” campaign, revising the “Financial Product Management Measures” and “Product Committee Deliberation Rules”.

Updated the Micro and Small Enterprise (MSE) Loan Ex Post Liability Waiver Guidelines and MSE Loan Renewal Management Measures to enhance renewal support. Established dedicated MSE business teams across all branches and released the Comprehensive & Inclusive Financial Product Handbook (2024 Edition) to improve sales efficiency.

Secured relending funds for MSEs, joined the Provincial General Chamber of Commerce Financial Work Committee as Chair, and participated in the “Qinchuangyuan Sci-Tech Finance Integration Conference” to expand resources.

By the end of 2024, the “Qin Ke Chuang” (Tech Innovation) product series disbursed over 500 loans totaling ¥3.345 billion, supporting nearly 450 tech enterprises.

2. Advancing Rural Revitalization: Intensified agriculture-focused financial support, advancing the collection of 800,000 rural household profiles in Xi’an and implementing the “Credit Village + Whole-Village Credit Granting” initiative. Leveraged the “Three Funds & Three Transformations” management platform and urban-rural integrated factor markets to integrate “Agriculture + Finance + Technology”, establishing a regional agricultural credit database.

Completed 177 “Three Funds & Three Transformations” rural collective asset supervision service centers, staffed with external accountants and dedicated financial advisers, serving 2,527 village-level collective economic organizations—achieving full coverage across Xian’s agricultural townships. Launched 35 “Finance-Supported Rural Revitalization” thematic credit products, gaining market recognition.

3. Poverty Alleviation via Stationed Assistance: Implemented targeted poverty alleviation in Anlingou Village (Lueyang County, Hanzhong) under the “Four Responsibilities & Five Revitalizations” framework. Conducted rigorous monitoring of all 272 households to prevent relapse into poverty, prioritizing edible fungi cultivation and herbal medicine planting projects—increasing average villager income by 10% Year on Year.

As the end of 2024, the Bank’s inclusive MSE loan balance stood at ¥22.341 billion, increasing by ¥ 4.929 billion (28.31%) from the beginning of the year.

### 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

2024 Annual Report "Business Development", "Environmental, Social and Governance(ESG)"

#### Response

In terms of service philosophy, Qinnong Bank adheres to a "customer-centric" approach. In 2024, the Bank established 49 model age-friendly payment service branches and 312 designated age-friendly service outlets. This initiative reinforces the Bank's service brand promise: "QinNong by your side, happiness far and wide," ensuring inclusive and accessible financial experiences across all generations.

In terms of transformative development, the Bank has prioritized digital acceleration through the launch of the Qinling Project. This comprehensive transformation strategy spans four key dimensions: business model innovation, modernization of management systems, enhancement of risk control mechanisms, and optimization of service delivery. The Bank's efforts in digital and IT transformation were recognized with the "2024 China International Financial Exhibition Jinding Award for Technology Empowerment," underscoring the program's significant business impact.

In terms of financial education, the Bank actively conducted specialized outreach campaigns, including "World Consumer Rights Day (March 15)," the "National Financial Literacy Tour," and the "Senior Citizens Month" initiative. Through its branch network, the Bank engaged local communities, campuses, enterprises, and merchants via multi-dimensional financial literacy programs aimed at raising awareness and mitigating financial risks. The Bank achieved full coverage in anti-money laundering (AML) compliance training through targeted workshops and the distribution of educational materials.

In business marketing, Qinnong Bank actively participated in "Tripartite Government-Bank-Enterprise Forums" to enhance marketing effectiveness and cultivate high-value corporate clients and strategic projects. Through the "Customer Value Enhancement" initiative, the Bank has fostered mutually beneficial client relationships while continuously improving its customer management system. Technology finance services achieved significant growth, with loans to technology enterprises increasing by 56.53% year-on-year.

To further support the financing needs of small and micro enterprises, the Bank has established a dedicated task force under the framework of the coordination mechanism and launched the "Campaign of Visiting Thousands of Enterprises and Ten Thousand Households." To date, a total of 110 small and micro enterprises have received credit funding, reflecting the Bank's ongoing commitment to enhancing the quality and efficiency of financial services.

### Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how your bank has developed these in the reporting period. Provide information on sustainability-related products and services and frameworks in place that support the transition needs of clients, size of the sustainable finance portfolio in USD or local currency and/or as a % of your bank’s portfolio,\* and which SDGs or impact areas you bank is striving to make a positive impact on (e.g. green mortgages—climate, social, sustainability bonds—financial inclusion, etc.).

\* Provide information on the sustainable finance frameworks/standards/taxonomies used to label sustainable finance volumes

### Links & references

2024 Annual Report “Environmental, Social and Governance(ESG)”

### Response

**Green Finance:** In alignment with the national goals of carbon peaking and carbon neutrality, Qinnong Bank has continuously strengthened its organizational structure, policy framework, and business systems to meet the requirements of ecological civilization development. The Bank has driven sustained innovation in green financial products and services, effectively financing key sectors undergoing green transformation while embedding environmental, social, and governance (ESG) risk management across its operations.

— Green Credit. By leveraging targeted client list marketing and standardized green certification processes, the Bank has intensified its business development in key sectors such as green infrastructure upgrades, energy efficiency, environmental protection, and clean energy. It successfully issued its first carbon reduction loan, promoting sustainable development through financial support. As of the end of 2024, the Bank’s green loan portfolio had reached ¥8.328 billion, exceeding overall loan growth by more than 30 percentage points.

— Green Bonds. The Bank has enhanced its commercial banking capabilities in capital markets to support low-carbon development, facilitating corporate issuance of green bonds to promote regional decarbonization and accelerate the green transition of the socio-economic system. As of December 2024, the Bank’s outstanding green financial bonds totaled ¥2.0 billion, while its holdings of 42 green-themed bonds amounted to ¥6.407 billion.

**Inclusive Finance--rural revitalization:** Qinnong Bank formulated and issued the Implementation Plan for Financial Services, intensifying its financial support for key agricultural sectors, including grain and essential agricultural product supply, specialized agricultural industries, and core agricultural value chains. By optimizing rural service models and accelerating the rollout of value chain-based financial services, the Bank has enhanced the quality and efficiency of agricultural financing.

Through the development and implementation of the “Three Capital Forms and Three Modernization Standards Platform,” the Bank established 2,527 settlement accounts for rural collective economic organizations and fully completed the construction of 177 township (sub-district) Rural Collective Asset Supervision and Operation Service Centers across Xi’an. The Bank also advanced the development of the Xi’an Urban-Rural Factor Trading Market, facilitating the establishment of one municipal-level trading platform and 10 county-level trading platforms.

The Bank participated in the 31st China Yangling Agricultural Hi-Tech Fair, where it successfully hosted the “Qinnong Bank Financial Empowerment for High-Quality Agricultural Development

Exhibition” and organized the thematic event “Guaranteed Financial Services: Empowering Rural Revitalization.”

The Bank pioneered an integrated financial service model combining “Credit Ecosystem Development and Whole-Village Credit Coverage.” By deploying 168 financial advisors, 361 banking liaisons, and 187 finance personnel to township and village communities across Xi’an, the Bank achieved full coverage of 1,995 village-level administrative units.

Throughout 2024, the Bank extended RMB 17.807 billion in agricultural sector loans, exclusively dedicated to supporting local agriculture, rural areas, and farmers. This commitment earned the Bank the Excellent Tier recognition in Shaanxi Province’s 2024 Rural Revitalization Financial Services Assessment for Banking Institutions.

**Consumer Rights Protection:** Qinnong Bank upholds the core principles of consumer rights protection and adheres to a “people-centered finance” service philosophy. The Bank’s comprehensive institutional framework ensures the safeguarding of consumer interests through end-to-end protection mechanisms that cover the entire lifecycle of its products and services.

To ensure rigorous oversight, the Bank has engaged specialized legal counsel to supervise the full process of product and service delivery. Key stages, including product design, development, and pricing management, are subject to mandatory consumer protection reviews. Throughout the year, the Bank conducted 86 comprehensive compliance audits, achieving full coverage across all product and service offerings.

The Bank has achieved full coverage in consumer protection training while continuously improving the relevant performance evaluation mechanisms. It has also revised the “Complaint Handling Management Procedures” to enhance service efficiency. Particular emphasis has been placed on the effective handling of consumer complaints regarding financial products and services.

In terms of financial literacy, the Bank has prioritized outreach to key demographic groups—senior citizens, youth, and new urban residents—through multi-channel promotional initiatives. Its consumer protection programs and age-friendly service innovations were recognized with the award of “Outstanding Cases of Financial Consumer Protection and Service Innovation in Chinese Banking Institutions.”

## Principle 4: Stakeholders

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

### Stakeholder identification and consultation

Describe which stakeholders (or groups/types of stakeholders) your bank has identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of the bank's engagement strategy following criteria for effective engagement and advocacy, how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

### Links & references

Qinnong Bank's official website: Investor Relations, Corporate Announcements, and Qinnong News.

### Response

Qinnong Bank actively aligns itself with the overall economic and social development strategy of Shaanxi Province. Adhering to its strategic positioning of “deepening local economic engagement, prioritizing support for agriculture and small businesses, and delivering benefits to urban and rural communities,” the Bank integrates social responsibility into its core operations, supports the real economy, provides quality customer service, delivers value to shareholders, and demonstrates care for its employees.

In terms of economic responsibility, the Bank is committed to advancing Shaanxi's regional economic development as a core part of its mission. It actively allocates financial resources to key sectors, priority projects, and underdeveloped areas across the province. Throughout the year, the Bank implemented eight provincial-level key marketing projects and provided support to 41 key enterprises along strategic industrial chains.

In the area of social responsibility, the Bank will focus on advancing the “Five Major Financial Initiatives” and continue to strengthen its efforts in Technology Finance, Inclusive Finance, Green Finance, Pension Finance, and Digital Finance. By the end of 2024, the balance of the Bank's physical loans had increased to ¥208.985 billion, representing a year-on-year growth of 13.14%. The Bank has reinforced its responsibilities in rural poverty alleviation, fulfilled its obligations in anti-money laundering, and continuously enhanced its capacity to deliver financial services that support people's livelihoods. It has also been recognized as a model institution for the implementation of the “Five Major Financial Initiatives” and as a demonstration bank for Inclusive Finance.

In terms of shareholder responsibility, the Bank continues to improve its corporate governance framework, establish structured communication mechanisms with directors and shareholders, and standardize the fulfillment of information disclosure obligations. The Bank ensures the continuous availability of investor hotline services, provides accurate explanations and timely feedback on shareholder inquiries and suggestions, and strives to enhance investor confidence and long-term trust.

In terms of customer responsibility, the Bank closely focuses on safeguarding the eight fundamental rights of financial consumers. Through a combination of offline initiatives—such as community outreach, enterprise engagement, and campus activities—and online platforms including the official

website and social media accounts, the Bank conducts targeted awareness campaigns to promote consumer rights protection. It is actively advancing the implementation of a diversified mechanism for resolving customer complaints in order to enhance overall customer satisfaction. The Bank was recognized as an outstanding case in Financial Consumer Protection and Service Innovation in 2025.

In terms of employee responsibility, the Bank has systematically advanced union-related work by improving the Employee Representative Congress system. It has organized grassroots research, facilitated exchanges and discussions, and conducted visits to provide support and encouragement to employees. These efforts comprehensively safeguard employees' rights to be informed, to participate, to express opinions, and to supervise. Additionally, the Bank has completed the evaluation and grading of tellers, professional qualification assessments, and annual performance reviews, which serve as key references for employee promotion and career development.

In terms of environmental responsibility, Qinnong Bank is committed to vigorously advancing green finance. It continues to strengthen institutional system building, innovate financial products and services, enhance green business management practices, and improve service guarantee mechanisms to support sustainable development.

## Principle 5: Governance & Culture

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

### Governance Structure for Implementation of the Principles

Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put place to manage significant positive and negative (potential) impacts (including accountability at the executive leadership level, clearly defined roles and responsibilities for sustainability matters in internal processes, etc.) and support the effective implementation of the Principles.

#### Links & references

2024 Annual Report “Corporate Governance and Internal Controls”, “Environmental, Social and Governance (ESG)”

#### Response

2024 marks the first full fiscal year since Qinnong Bank became a signatory to the Principles for Responsible Banking (PRB). In terms of governance architecture, the Bank has established an ESG governance framework. At the board level, a Strategy Committee was formed to oversee and guide the overall development of the Bank’s green finance initiatives and ESG-related construction. Under the senior management, a dedicated green financial services working group—headed by executive leadership—was established to coordinate and promote green finance activities across the Bank. Additionally, a green finance advisory team was formed to accurately identify and address the financial needs of enterprises in the green sector. The Board Office serves as the lead unit for ESG-related affairs and acts as the primary liaison department for PRB-related matters.

The Board of Directors reviewed and approved the Green Finance Work Report and the Green Credit Management Measures. The Bank also issued the Notice on Continuously Advancing ESG-related Work, outlining six core tasks. Training sessions on the theme of “Commitment to the Principles for Responsible Banking” were conducted for key departments, including the Rural Revitalization Department, Credit Management Department, Small and Medium-sized Customers Department, Financial Markets Department, and Personal Finance Department.

The Bank has fully integrated green financial management and corporate social responsibility practices into its ESG framework, aiming to continuously enhance the effectiveness and sustainability of ESG governance.

### Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, learning & development, sustainability training for relevant teams, inclusion in remuneration structures and performance management and leadership communication, amongst others).

#### Links & references

2024 Annual Report “Environmental, Social and Governance (ESG)” “Corporate Governance and Internal Controls”

#### Response

In the area of corporate culture development, Qinnong Bank introduced the “6-3-3-5” management concept system, with the “six banks” serving as the strategic core and the principles of corporate

social responsibility fully integrated into the cultural orientation framework. To reinforce the understanding of its corporate values, the Bank conducted over 3,500 training sessions and recitations throughout the year.

In terms of employee training, the Bank remained committed to the objective of continuously enhancing the overall competence of its staff to better support business development. A total of 928 training sessions were organized during the year, including 829 internal sessions and 99 external sessions, with cumulative participation reaching 53,000 individuals.

In the area of employee well-being, the Bank has actively promoted the establishment of staff activity centers, with three branches recognized as model staff homes. It has advanced democratic enterprise management and leveraged the role of the Staff Council in providing consultation and recommendations. A variety of cultural and recreational activities with thematic focus have been organized to strengthen employees' sense of belonging and team cohesion.

Regarding compensation and performance evaluation, the Bank adheres to the compensation philosophy of "pay for position, pay for performance." It determines salary levels based on job responsibilities and performance contributions, implements a remuneration strategy that prioritizes frontline staff, grassroots employees, and key talents with outstanding performance, and has established a scientific and standardized salary management system.

In terms of green operations, the Bank emphasizes energy-efficient and environmentally friendly practices in daily operations and is committed to creating a sustainable office environment. It has steadily advanced digital transformation and completed the optimization of 17 business systems. An Initiative Letter on green operations was issued, video conferencing facilities were expanded, the procurement process was digitized and made available online, the vehicle procurement and official vehicle dispatching plans were optimized, an electricity usage monitoring system was established, and the concept of green office practices was promoted through detailed implementation measures.

#### **Risk and due diligence processes and policies**

Describe what processes your bank has installed to identify and manage environmental and social risks associated with your bank's portfolio. This can include aspects such as identification of significant/salient risks, due diligence processes, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures your bank has in place to oversee these risks.

#### **Links & references**

2024 Annual Report "Risk Management" "Environmental, Social and Governance (ESG)"

#### **Response**

The Bank has established a comprehensive risk management system framework with "two levels of management and three levels of control", and has set up the concept of capital conversation and risk-return balance throughout the Bank by applying quantitative risk indicators, optimizing the control of risk limits, establishing a sound mechanism for the prevention of key risks, and strengthening the management of risk assessment.

In 2024, the Measures for Reporting Major Risk Matters and Important Information were revised to clarify the principles for reporting major risk matters and important information, the responsibilities of management organizations at all levels, the reporting path of major risk matters or important information at all levels, and the contingency management measures to be taken in the event of a major risk event, so as to ensure that Qinnong Bank is able to promptly reflect and handle all types

of emergencies and major risk matters, and to effectively prevent and mitigate financial risks.

In the area of green business management, the Bank has established a top-down framework for the timely identification, monitoring, and management of environmental, social, and governance (ESG) risks in its operations. It has implemented full-process management of green credit, along with a one-vote veto mechanism for projects that fail to meet environmental and social risk assessment standards. Furthermore, the Bank has put in place a mechanism for continuous tracking and post-credit monitoring of its credit portfolio, and complies with the relevant list-based management requirements.

## 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.

The information provided in the Responsible Banking Progress Statement is sufficient. If third-party assurance has been undertaken, provide details on the scope of assurance and the reference/link to the Independent (Limited) Assurance Report

The relevant data and information in this report are quoted from 2024 Annual Report of Qinnong Bank. The financial report has been audited by an accounting firm, and the Annual Report has been approved at the 16th meeting of the second board of directors of the Bank on April 28, 2025.

The Bank strictly adheres to relevant regulatory requirements, establishes and improves information disclosure management measures, and ensures that all types of information are disclosed truthfully, accurately, completely, timely, and fairly. In 2024, the Bank fulfilled its information disclosure obligations through its official website in accordance with regulations.

The Bank will adhere to its market positioning, actively deepen the construction of ESG governance system, promote the development of green finance, actively practice corporate social responsibility, and play a greater role in serving local economic development while we are achieving our own sustainable development.

If you need to learn more detailed information, please visit the official website of Qinnong Bank.

<https://www.qinnongbank.com>