

Reporting and Self-Assessment



**Principles
for Responsible Banking**

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 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, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

MBH Bank was established in May 2023 as a result of the merger of three banks - MKB Bank, Budapest Bank and Takarékbank. Today, the Bank is one of the leading credit institutions in Hungary and as a universal bank it serves both retail and corporate-institutional clients with its modern financial services and continuously expanding product range.

The banks before the merger traditionally had a strong corporate, premium and private banking client base, as well as advisory and analytical services..The bank offers a range of services, notably in

- banking services
- financial and operational leasing
- financial and investment services
- other lending

MBH Bank also has strong market positions in a number of other segments, including micro, small and medium enterprise lending, leasing, agri-food and a wide range of financial and capital markets and investment activities.

In 2023, MBH Bank had **2 million clients across its retail and corporate business**, more than **7,600 employees and 560 branches**.

Links and references

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

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 relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: The Bank is disclosing ESG risk indicators as per Article 449a of CRR
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
- None of the above

Response

MBH Bank’s commitment to embed environmental and social sustainability in its operations is reflected in the alignment between its Business Strategy and ESG Strategy. Digitalisation efforts support, among other things, decarbonisation goals and sustainability-related product and service development.

The Bank’s recent merger - that requires development of new processes, new structures and a new strategy - provides the opportunity to prioritise sustainability and integrate it into our daily operations, which we believe will become a competitive advantage. In our ESG strategy we set ambitious goals. Our goal is to make MBH Bank one of the leaders of the domestic banking market in terms of sustainability. The realization of the vision is supported by two strategic goals, which stem from the role MBH Bank both as a financial institution and as a responsible corporation.

The Bank’s ESG Strategy focuses on five strategic pillars, which support different Sustainable Development Goals, namely Decent work and economic growth (SDG 8), Industry, innovation and infrastructure (SDG 9), Responsible consumption and production (SDG 12) and Climate action (SDG 13), as detailed below. The pursuit of the Bank’s decarbonisation objectives is aimed at contributing to the achievement of the goals of the Paris Agreement.

MBH strategic pillar	Related SDG
Sustainability as a business opportunity and sustainability education	SDG 8 SDG 9
Taking ESG risks into account in risk decisions	SDG 12
Becoming a carbon neutral bank	SDG 13
Corporate governance, transformation and transparency	-
Employee welfare and change in approach	SDG 8

The ESG Strategy is intended to set out a framework for achieving these objectives with detailed guidelines, an action plan, key performance indicators and clear roles and responsibilities. The extension of our ESG Strategy with Net Zero elements is also

Links and references

[ESG Report 2022](#)

underway, with the clear objective of align it with science-based, Paris-compatible targets for all asset classes with available guidance.

As we advance towards becoming one of Hungary's leading banks regarding sustainability performance, we continuously aim to improve our practices by measuring ourselves up to international best practices and following recognised sustainability frameworks.

Principle 2: Impact and 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.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

- a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

We included our corporate banking portfolio, which is 74% of our total exposure in terms of balance sheet and 24,13% in terms of revenue.

The query covered the credit exposure of the corporate portfolio, with the following segments and number of customers/partners. (as is 31.12.2023):

Non-standard - Enterprise - Agricultural 13312
Non-standard - Enterprise - Medium Enterprise 3492
Non-standard - Enterprise - Large Enterprise 719
Standard - Enterprise - Small enterprise 14
Standard - Enterprise - Micro 14
Total 17551

The remainder of our portfolio (most notably the retail and investment banking portfolio) has not been assessed yet due to the lack of data for a thorough analysis. We aim to include the remaining part of our portfolio in the subsequent years in alignment with the progressive approach outlined by UNEP FI.

Links and references

[ESG Report 2022](#)

**ESG Report 2023 will be available later at above link.*

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<p>The improvement of data collection coverage is a cornerstone of our ESG Strategy and we have dedicated resources to its implementation accordingly.</p>	
<p>b) <u>Portfolio composition</u>: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <ul style="list-style-type: none"> i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or ii) by products & services and by types of customers for consumer and retail banking portfolios. <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	
<p><i>Response</i></p> <p>We conducted the portfolio composition assessment based on the main activity of our clients as per the NACE classification.</p> <p>The majority of our corporate banking exposure is concentrated in 6 NACE Level 1 sections: Manufacturing (16%), Wholesale and retail trade (13%), Real estate activities (12%), Agriculture, forestry and fishing (10%), Financial and insurance activities (10%) and Construction (9%).</p> <p>To conduct a detailed assessment, we analyzed the impacts of our exposure more granularly, ie. on NACE Level 2 and took NACE Level 4 into account as well.</p> <p>On NACE Level 2, the share of our exposure in Real estate activities (12,2%), Crop and animal production (10%), Financial service activities (9,8%), Wholesale trade (8,9%), Construction of buildings (4,3%) and Electricity, gas, steam and air conditioning supply (4%) gives further indication of where the focus points of our exposure lies.</p> <p>We consulted the UNEP FI Portfolio Impact Analysis Tool (January 2024) and relied on the pre-populated impact associations as an element guiding us on the decision on our most relevant impact areas.</p>	<p><i>Links and references</i></p>

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

As a financial intermediary, our operation isn't only defined by the sectoral breakdown of our clients but also by the context in which we and our clients operate. The regulatory framework, the challenges they face, and the priorities the country sets are all important determinants of which impact areas should be given more emphasis. The Context assessment is therefore a fundamental part of our Impact Analysis with great influence on the selection of the key impact areas.

As stated earlier, MBH Bank operates exclusively in Hungary, so we assessed the main challenges and priorities regarding sustainable development in Hungary using the latest version of the Context module of the UNEP FI Portfolio Impact Analysis Tool. To obtain an understanding of the social, environmental and economic priorities in the country from the Bank's perspective, in addition to the data provided by the Tool, we analysed the following sources of statistical data, relevant policy documents and trends & scenarios to gain a deeper understanding:

- *Analyses from international organisations* to gain an understanding of how the global trends and developments translate to the Hungarian context – eg. the regionally relevant findings of IPCC's Sixth assessment report on climate change, OECD Environmental Performance Reviews on Hungary,
- *European Union level policies and frameworks* to identify the main goals and priorities of the EU regarding sustainable development, which subsequently influences the national priorities. The focus of the analysis was the European Green Deal package, the core document of the EU's effort to transform the continent into a competitive economy where the growth is decoupled from the resource use and that reaches net zero GHG emissions by 2050. The framework covers a significant scope of areas, such as agriculture (eg. Farm to Fork), electricity generation (eg. REPowerEU) or energy storage (eg. European Battery Alliance), which are all main priorities in Hungary and are present in the Bank's portfolio as well. We aimed to uncover the interlinkages between the different focus points to be able to identify the areas with the biggest potential for synergies while creating an impact.
- *Priorities of and progress on indicators of sustainable development*, published by the Hungarian Central Statistical

Links and references

[IPCC's Sixth assessment report](#)

[OECD Environmental Performance Reviews on Hungary](#)

[European Green Deal package](#)

[Farm to Fork](#)

[REPowerEU](#)

[European Battery Alliance](#)

[Progress on SDGs published by the Hungarian Central Statistical Office, Ministry of Foreign Affairs and Trade of Hungary and the European Environment Agency](#)

[National Clean Development Strategy 2020-2050](#)

[National Energy and Climate Plan](#)

[National Biodiversity Strategy](#)

[MBH Bank impact materiality assessment](#)

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Office and the European Environment Agency. The latter references that Hungary highlights clean water and sanitation (SDG 6), combatting climate change (SDG 13), increasing biodiversity (SDG 15), protecting renewable natural resources, and ensuring the responsible management of non-renewable resources (SDGs 7, 12) as main SDGs.

- *National policies and plans* linked to sustainable development and climate change, especially the National Energy and Climate Plan and National Biodiversity Strategy.
- *Results of the Bank's impact materiality assessment, conducted based on stakeholder engagement (FY22 and FY23, GRI materiality analysis)*. A wide range and number of internal and external stakeholders have been involved in the process. The relevant material topics identified include 'Supporting Hungary's economic and social development', 'Integrating ESG considerations into business strategy', 'Promoting the conservation of natural resources' and 'Sustainable and responsible asset, investment and financing portfolio and resource mobilisation'.

We performed the assessment using a holistic approach, which means that the topics listed in the table below have been identified by taking needs, priorities and the direction of trends into account. As the result of the assessment, the following impact areas (in grey) and associated impact topics (in white) have been identified as relevant:

Availability, accessibility, affordability & quality of resources and services				
Food	Housing	Healthcare and sanitation	Mobility	
Healthy Economies				
Flourishing MSMEs		Other (Digitalisation)		
Climate Stability				
-				
Biodiversity & Healthy Ecosystems				
Waterbodies	Air	Soil	Species	Habitat
Circularity				
Resources Intensity		Waste		

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Response

As one of Hungary's most relevant credit institutions, we are aware of the scale of both negative and positive impacts of our financing activities. When selecting of the areas of the most significant impact, we decided to apply a holistic approach. It means that we aimed to select areas that are associated with wide-ranging ripple effects and synergies throughout different topics in terms of negative impact reduction and positive impact enablement.

Considering the results of the portfolio screening and context analysis, we selected *Climate stability* and *Biodiversity & healthy ecosystems* as our prioritized impact areas.

These areas are increasingly relevant from societal, policy as well as business point of view in and of themselves and beyond. The stability of the climate system and the natural world is the backbone of a functioning economy and vital to our societies to thrive.

When proceeding to the target setting stage, we aim to focus on the underlying causes behind the threats these areas face, since preventing further deterioration to these areas are interlinked with benefits to other impact areas identified as relevant, such as Healthcare and Food, which are significant for the Bank's portfolio, economic performance, and also for sustainable development in Hungary.

The relevance of Climate stability to our Bank is also supported by the fact that more than two-third (67%) of our corporate exposure (based on NACE classification) is financing sectors designated as high climate-impact sectors as per Regulation (EU) 2019/2088. Playing a role in the low-carbon transition of these sectors through is a main area where our Bank can contribute to Climate stability.

Concerning the Biodiversity & healthy ecosystems impact area, 60,4 percent of the Bank's exposure has been identified as Key Sector using the UNEP FI Nature Key Sectors (November 2023) guidance.

The results of the assessment have been cross-validated and confirmed by the Identification module of the UNEP FI Portfolio Impact Analysis Tool.

Links and references

IPCC's Sixth assessment report

d) For these (min. two prioritized impact areas): Performance measurement. Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response

As the first step of the performance measurement stage, we provide an overview of the sectors financed by the Bank that are considered as Key Sectors in UNEP terminology. The table below shows all sectors financed by the Bank on NACE Level 2 that is identified as Key Sector in either or both prioritised Impact Areas (Climate stability, Biodiversity & healthy ecosystems). A NACE Level 2 sector is shown if the Bank has exposure in any of its NACE Level 4 classes which is also identified as Key Sector in the aforementioned Impact Areas. As a result, the aim of the illustration is not an exhaustive list, but rather an informative heatmap constructed without risking the comprehensibility by including too granular information.

Climate stability

In recent years, we have made significant progress in managing our climate impact, with emphasis on our Scope 3-15 financed emissions. This is our main contribution to climate change and also our greatest opportunity to create positive impact. By playing a role in reducing these emissions, which we consider indirect, we can support the transition to a Net Zero economy.

We intend to reach Net Zero on our financed emissions as soon as possible. Accordingly, we selected the reduction of financed GHG emissions as impact measurement indicator for this ambition. In 2023, we performed our first portfolio analysis on financed emissions based on PCAF methodology, consisting of both absolute emissions and emission-intensity calculation.

Building on the results of the assessment, we conducted a thorough analysis of the asset classes included in the Standard and developed framework documents on the next steps in portfolio decarbonization. **This serves as input for the extension of our ESG Strategy with Net Zero elements, which also lays down the main directions of monitoring business opportunities and financial product development regarding our Net Zero ambitions.**

To fulfill our regulatory obligations, we are currently preparing a report to disclose our Green Asset Ratio (GAR) as per regulations (EU) 2020/852 (EU Taxonomy). The assets are qualified as green if they fulfill the criteria in the delegated acts (EU) 2021/2139 and 2021/2178.

Our work on decarbonization is ongoing, as we strive to convert the challenges of the transition into opportunities. We will report on our progress, including our goals, in future disclosures.

Biodiversity and healthy ecosystems

The results of the portfolio composition and context analysis both underlined the importance of biodiversity as an Impact Area for the Bank. It is also clear that biodiversity is a key area in a large number of economic sectors, as shown in the table below.

The threat posed by the decline in biodiversity has undoubtedly gained attention in recent years. This awareness has been led

Links and references

ESG Report 2022

**ESG Report 2023 will be available later at above link.*

Kunming-Montreal Global Biodiversity Framework

UNEP FI Nature Key Sectors (November 2023)

by historic agreements, like the Kunming-Montreal Global Biodiversity Framework. This framework has also served as a key reference point in our efforts to measure our impacts on biodiversity. We believe that it is crucial that universal and consolidated frameworks are under development in areas such as impact monitoring and target setting to serve as guidelines for banks.

We answered the challenge of navigating through the complexity of biodiversity by applying a phased approach in defining indicators of performance measurement. As a first step, we used the Nature Key Sectors (November 2023) guidance by UNEP FI to screen the biodiversity impacts of our corporate exposure in connection to the different ecosystems. We opted for a materiality-based approach to assess the biodiversity-related risks of the main sectors in our portfolio. The effort culminated in the identification of 4 main sectors, where the share of our exposure and the biodiversity impacts of the respective sectors are perceived as high: Agriculture, Manufacturing, Construction and Accommodation and food service activities. We created a long-list of impacts and KPIs, utilizing the Sector Screening and Actions worksheet in the aforementioned guidance.

During the next few months, we will create working groups on biodiversity with the involvement of the experts from the affected business areas. These groups will define a set of indicators we aim to use during the target-setting stage. We will present the results of this process in our next PRB disclosure.

Key Sectors of the prioritized Impact Areas present in the Bank's portfolio

	Climate stability	Biodiversity & healthy ecosystems
A - Agriculture, forestry and fishing		
01 Crop and animal production, hunting and related service activities	X	X
02 Forestry and logging	X	X
03 Fishing and aquaculture		X
B - Mining and quarrying		
07 Mining of metal ores	X	X
08 Other mining and quarrying	X	X
09 Mining support service activities	X	X
C - Manufacturing		
10 Manufacture of food products		X
11 Manufacture of beverages		X
13 Manufacture of textiles	X	X
14 Manufacture of wearing apparel		X
15 Manufacture of leather and related products		X
16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials		X

17	Manufacture of paper and paper products		X
19	Manufacture of coke and refined petroleum products	X	X
20	Manufacture of chemicals and chemical products	X	X
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations		X
22	Manufacture of rubber and plastic products		X
23	Manufacture of other non-metallic mineral products	X	X
24	Manufacture of basic metals	X	X
25	Manufacture of fabricated metal products, except machinery and equipment		X
26	Manufacture of computer, electronic and optical products		X
28	Manufacture of machinery and equipment n.e.c.		X
29	Manufacture of motor vehicles, trailers and semi-trailers	X	X
32	Other manufacturing		X
D - Electricity, gas, steam and air conditioning supply			
35	Electricity, gas, steam and air conditioning supply	X	X
E - Water supply; sewerage; waste management and remediation activities			
36	Water collection, treatment and supply	X	
37	Sewerage		X
38	Waste collection, treatment and disposal activities; materials recovery		X
39	Remediation activities and other waste management services		X
F - Construction			
41	Construction of buildings	X	X
42	Civil engineering	X	X
43	Specialised construction activities	X	X
G - Wholesale and retail trade; repair of motor vehicles and motorcycles			
46	Wholesale trade, except of motor vehicles and motorcycles		X
H - Transporting and storage			
49	Land transport and transport via pipelines	X	X
50	Water transport	X	X
51	Air transport	X	X
52	Warehousing and support activities for transportation		X
I - Accommodation and food service activities			
55	Accommodation		X
J - Information and communication			
61	Telecommunications		X
63	Information service activities		X
L - Real estate activities			
68	Real estate activities	X	X

M - Professional, scientific and technical activities		
<i>71 Architectural and engineering activities; technical testing and analysis</i>		X
<i>72 Scientific research and development</i>	X	X
N - Administrative and support service activities		
<i>77 Rental and leasing activities</i>		X
<i>79 Travel agency, tour operator and other reservation service and related activities</i>		X

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:
(optional)

⁶ You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

<i>Response</i> In line with the requirements of UNEP regarding the inclusion of the different Principles in the reporting template, we will report on our progress regarding Principle 2.2 in the subsequent disclosures.	<i>Links and references</i>
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b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health & inclusion</i>	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<i>Response</i>	<i>Links and references</i>
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⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<i>Response</i>	<i>Links and references</i>
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d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

<i>Response</i>	<i>Links and references</i>
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Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Action plan	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
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2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

In line with the requirements of UNEP regarding the inclusion of the different Principles in the reporting template, we will report on our progress regarding Principle 2.3 in the subsequent disclosures.

Links and references

Principle 3: Clients and 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.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

- Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

- Yes In progress No

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 activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

We are aware that our Bank cannot address all the threats that climate change and biodiversity degradation pose. Therefore, it's our priority to engage with all types of stakeholders (e.g., clients, regulators, peers, NGOs) to create vital synergies within our reach. We will report on our progress regarding Principle 3 in subsequent PRB disclosures.

Links and references

3.2 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 you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

Links and references

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Principle 4: Stakeholders



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

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have 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 how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

We are aware that our Bank cannot address all the threats that climate change and biodiversity degradation pose. Therefore, it's our priority to engage with all types of stakeholders (e.g., clients, regulators, peers, NGOs) to create vital synergies within our reach. We will report on our progress in subsequent PRB disclosures.

Links and references

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



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

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

In line with the requirements of UNEP regarding the inclusion of the different Principles in the reporting template, we will report on our progress regarding Principle 5 in the subsequent disclosures.

Links and references

5.2 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, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

Links and references

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, 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 you have in place to oversee these risks.

Response

Links and references

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

- Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

- Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

- Yes In progress No

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

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.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

- Yes Partially No

If applicable, please include the link or description of the assurance statement.

Response

In line with the requirements of UNEP regarding the inclusion of the different Principles in the reporting template, we will report on our progress regarding Principle 6 in the subsequent disclosures.

Links and references

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
 SASB
 CDP
 IFRS Sustainability Disclosure Standards (to be published)
 TCFD
 Other:

Response

Links and references

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

Response

Links and references

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input checked="" type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these: