



TEMPLATE

Responsible Banking Progress Statement for PRB Signatories



Summary template

[Bank name] 20XX

Banks should fill in the following summary table, utilizing the italicized prompts.

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
Content <i>Briefly describe your bank's sustainability strategy, and which international, regional or national frameworks and UN Sustainable Development Goals it aims to align with. Note any changes in the reporting year.</i>	Content <i>Briefly describe the bank's most significant impact areas and the steps taken to identify, measure and manage them—including impact analysis results, targets set (including sectors, portfolio coverage, and KPIs), actions taken, and progress against the targets. Where targets have been set, share details of the bank's transition/action plan, and progress made. Explain how the bank addressed interlink- ages between impact areas where possible.</i> Example Progress Indicators ▪ % of bank's portfolio covered by the impact analysis and each set target ▪ Updated values of KPIs defined by bank to measure progress against targets	Content <i>Briefly describe how the bank works responsibly with clients and customers in relation to significant impacts, including products and services offered, internal policies and processes and engagement to implement targets/action plans/transition plans to encourage sustainable practices/economic activities. Note any changes in the reporting year.</i> Example Progress Indicators ▪ % of clients and/or customers engaged in key sectors in areas of significant impact. ▪ USD sustainable finance volume mobilized and/or as a percentage of the global or sector portfolio
Links & references <i>[References to where additional information can be found in external reporting. Include links and page numbers,]</i>	Links & references <i>[References to where additional information can be found in external reporting. Include links and page numbers,]</i>	Links & references <i>[References to where additional information can be found in external reporting. Include links and page numbers,]</i>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
Content Briefly describe how the bank consults, engages and collaborates/partners with relevant stakeholders for the purpose of implementing the Principles. This could include understanding impacts, setting ambitious targets, advocating for enabling regulatory/policy environments, and creating partner- ships that contribute to addressing significant impacts. Note any changes in the reporting year.	Content Briefly describe the key governance structures in place (Board and Executive level) and related accountability mechanisms to implement the Principles. This could include how governance supports your bank's management of significant impacts and risks, including target implementation and monitoring of action/transition plans. In addition, briefly describe how a culture of responsible banking is driven internally (e.g. via employee learning & development). Note any changes or progress in the reporting period. Example Progress Indicators ▪ Details of remuneration practices linked to sustainability targets. ▪ % of employees trained on responsible banking topics.	Content Provide reference to additional relevant reports, if not listed as references with P1–P5. Briefly note whether/where assurance of sustainability information has been undertaken (optional).
Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]	Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]	Links & references [References to where additional information can be found in external reporting. Include links and page numbers,]

Supplement 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

Response:

The Bank's business model is centered around three primary business lines: corporate banking, retail banking, and investment banking services. Through these segments, the Bank provides a comprehensive range of financial products and services, including loans, deposits, payment services, trade finance, and investment solutions. Its operations are fully based in Montenegro, where the Bank is registered and operates a network of 21 branches across the country. Within the reporting period the Bank did not have a parent company, and its activities were exclusively conducted within the Montenegrin market.

The client base includes both corporate and individual customers. In terms of deposits, the Bank's deposit base is well-balanced across client groups, with deposits and escrow account balances from individual clients representing about 47.4% of total client deposits, and those from corporate clients accounting for approximately 52.4% of total deposits. The Bank continues to serve several key sectors of the Montenegrin economy, including trade, manufacturing, energy, construction, and services, maintaining a diversified and resilient business structure.

Through consistent year-on-year growth, the Bank has established itself as one of the leading and systemically important financial institutions in Montenegro. Its business expansion has been accompanied by a strong commitment to sustainable growth. The Bank places equal emphasis on advancing its sustainability strategy—integrating environmental, social, and governance principles into its operations—while maintaining a focus on profitability, customer satisfaction, and innovation in banking services.

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 Rights (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

Response

Our bank's strategy is guided by international sustainability frameworks, notably the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement. These frameworks were key reference points in the benchmarking and preliminary analysis we conducted to assess our material ESG issues.

In 2025, we updated our materiality assessment, incorporating stakeholder input and global best practices. The findings directly informed the development of our new ESG Strategy, which establishes the bank's priorities and targets in line with the SDGs and the Paris Agreement.

Through this process, we have identified areas of greatest impact and opportunity across our portfolio and operations, ensuring that our strategy supports a just transition to a low-carbon, inclusive, and resilient economy.

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

Response

To identify and prioritize our most significant impacts, our bank conducted a preliminary impact assessment that considered both positive and negative impacts, including those generated by and suffered by our activities. This assessment served as a key input to our updated materiality analysis, ensuring that our ESG priorities reflect the areas where our business model and portfolio have the most meaningful influence.

Although the initial assessment was not solely focused on portfolio impacts, it incorporated them as a key dimension. Subsequently, we initiated a portfolio-level impact analysis using the UNEP FI PRB Portfolio Impact Analysis Tools for Banks. Given the limited availability of regional data, we complemented the tool's output with an independent internal analysis of our lending and investment portfolio.

This analysis allowed us to:

- Map our portfolio composition, identifying the industries and sectors that receive the majority of our financing;
- Assess the demographics and customer segments most engaged on the retail banking side; and
- Combine internal insights with external references to identify key impact areas relevant to our business context.

Based on this integrated assessment, we have identified and prioritized the impact areas most material to our bank and most aligned with our strategic objectives and the Sustainable Development Goals (SDGs). These areas form the foundation for our target-setting process under the Principles for Responsible Banking.

Our impact analysis also took into account the relevance of the four priority areas highlighted in *Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector*

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

Response

Following our impact and materiality analyses, our bank has set two SMART targets addressing distinct areas of significant impact: climate change mitigation through sustainable housing and financial inclusion and equality through women's entrepreneurship. Both targets are fully aligned with the Sustainable Development Goals (SDGs) and the four priority areas outlined in *Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector (2024)*.

1. Sustainable Housing Target – Climate Change Mitigation and Energy Efficiency

- Alignment: SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action); PRB priority area: *Climate Change*.
- Baseline (2025): 0% of new housing loans financing energy-efficient buildings.
- Target: By 2030, at least 30% of new housing loans will be directed toward energy-efficient buildings (as defined by national or EU energy-efficiency standards).
- Action Plan / Transition Plan:
 - Develop and integrate an energy-efficiency lending framework into mortgage products.
 - Train credit officers to assess energy performance certifications and client eligibility.
 - Collaborate with developers and public programs promoting green construction.
- Monitoring and KPIs:
 - Share of new housing loans qualifying as energy-efficient (%).

- Total value of green housing loans disbursed (in local currency).

Women Gap Target – Financial Inclusion and Equality

- Alignment: SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth); PRB priority area: *Financial Health and Inclusion*.
- Baseline (2025): Current level of loans to companies managed by women (baseline set as 100% reference).
- Target: Increase by 20% the volume of loans granted to companies managed by women by 2030.
- Action Plan / Transition Plan:
 - Strengthen data collection on gender of business owners.
 - Partner with development finance institutions and women-led business networks.
- Monitoring and KPIs:
 - % increase in total loans to women-managed enterprises.
 - Number and value of new loans approved under the women's entrepreneurship program.
 - Outreach and capacity-building activities (e.g., workshops, mentoring).

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

Response:

Our bank actively engages with clients and customers to promote sustainable business practices and enable long-term economic growth aligned with environmental and social goals.

- **Corporate Clients Questionnaire:** We conduct an annual sustainability questionnaire with our corporate clients to assess their environmental, social, and governance (ESG) performance. The results help us identify priority areas for collaboration and provide tailored advisory services to support their transition to sustainable business models.
- **Stakeholder Satisfaction Score:** As of 2025 onwards, we intend to conduct a stakeholder Satisfaction score that will capture feedback on our services, sustainability initiatives, and overall engagement effectiveness. Insights from this assessment will be used to enhance our client support, strengthen partnerships, and ensure that our sustainability approach continues to meet stakeholder expectations.
- **The materiality analysis** is conducted annually to ensure that our sustainability priorities remain relevant to client needs and emerging market expectations. As part of this process, the Bank engages a wide range of internal and external stakeholders during the double materiality assessment to obtain diverse perspectives on key sustainability topics. These stakeholders include representatives from the media, the Banking Association, corporate and retail clients, domestic and international partners, suppliers, insurers, the Central Bank, a shareholder, a member of the Management Board, academia, and an organization active in the field of sustainability. Each stakeholder group is invited to rank the significance of the identified topics based on their relationship with the Bank and their view of the issues most relevant to sustainable banking practices. The feedback collected through this process helps shape the final materiality matrix, ensuring that it reflects both the Bank's strategic priorities and the expectations of its stakeholders.
- **ESG Communication Strategy:** We have implemented a targeted communication strategy to raise awareness among clients and customers about sustainable finance opportunities, responsible investment products, and energy transition initiatives.

Through these actions, we aim to support our clients' transition to low-carbon, inclusive, and resilient business models while fostering shared prosperity for current and future generations.

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

Response

The Bank continues to explore and develop sustainable business opportunities that support the transition to a low-carbon and inclusive economy. While retail loans for energy-efficient homes and green mortgage loans financed through a specialized fund were not offered during the reporting period, these products were implemented in the recent past and have laid a strong foundation for our future sustainable finance activities.

Currently, the Bank continues to hold green bonds in its investment portfolio, demonstrating an ongoing commitment to responsible investment practices and alignment with sustainable finance principles.

Looking ahead, the Bank plans to introduce new green financial products aimed at supporting vulnerable customer groups, helping them bridge the financing gap and access opportunities of the market.

Through these actions, the Bank aims to further integrate sustainability into its core business and strengthen its long-term contribution to environmental and social resilience.

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

Response

While the Bank has not engaged stakeholders specifically for the purpose of implementing the Principles and improving the Bank's impacts, it has undertaken a comprehensive stakeholder engagement process as part of its double materiality assessment.

During this process, a broad range of internal and external stakeholders were consulted, including representatives of the media, the Banking Association, corporate and retail clients, domestic and international partners, suppliers, insurers, the Central Bank, shareholders, academia, sustainability-focused organizations, and members of the Bank's Management Board.

Stakeholders were invited to provide their perspectives on the relevance and significance of sustainability topics for the Bank's operations and its broader impact. Their feedback was instrumental in shaping the materiality matrix, which guides the Bank's sustainability strategy, policy focus, and future engagement priorities.

This structured dialogue ensures that the Bank's approach remains transparent, inclusive, and responsive to stakeholder expectations, supporting continuous alignment with the Principles for Responsible Banking.

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 in 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

Response

Our bank has established a robust framework to address both positive and negative impacts on sustainability, aligning with the Principles. Our Sustainability Committee convenes on a weekly basis to delve into the intricacies of our policies and procedures. Quarterly, our Management Board meets to ensure strategic alignment and effective oversight. Additionally, we maintain open channels with our shareholders through biannual meetings, fostering transparency and collaboration in our sustainability initiatives.

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

Response

Our bank actively cultivates a culture of responsible banking across all levels of the organization. We believe that embedding sustainability into our day-to-day operations begins with empowering our people.

All employees receive comprehensive training on ESG principles, tailored to their roles and responsibilities, to ensure a solid understanding of sustainability risks and opportunities. This capacity-building approach helps translate our ESG strategy into practical actions throughout the business.

To promote open communication and engagement, we have established a dedicated sustainability email channel through which employees can share ideas, raise questions, or propose new initiatives. We encourage a bottom-up approach, where staff contributions are reviewed and considered during the annual budgeting process, ensuring employee-driven innovation in sustainability.

In addition, leadership regularly communicates the importance of responsible banking through internal channels and events, reinforcing our shared commitment to ethical and sustainable business practices. ESG-related considerations are progressively being integrated into performance evaluation and remuneration structures, strengthening accountability and recognition for contributions to sustainability objectives.

Through these initiatives, we aim to foster a workforce that is knowledgeable, engaged, and aligned with the principles of responsible banking, ensuring that sustainability remains at the heart of our

organizational culture.

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

Response

The Bank is in the process of finalizing work on adoption and implementation of a well developed and comprehensive, wide-arching Sustainability Strategy whose integral part is the Environmental and Social (E&S) Risk Management, which will serve as a binding framework for identifying, assessing, and managing environmental and social risks across its portfolio. This strategy is designed to ensure that E&S considerations are systematically integrated into the Bank's risk management, lending, and investment decision-making processes.

At present, the Bank applies enhanced due diligence procedures for clients and projects operating in sectors with elevated environmental or social exposure. These procedures include the identification of significant risks, assessment of compliance with national legislation, and evaluation against the Bank's internal sustainability principles. Where risks are identified, specific mitigation measures and action plans are defined jointly with the client before approval or during the monitoring phase of the credit relationship.

Oversight of these matters rests with the Bank's Management Board, supported by the Risk Management and Sustainability Committees, which are responsible for ensuring that E&S risks are properly integrated into the overall risk governance framework and that the Bank's strategy remains aligned with regulatory expectations and international best practices.

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