

**United Nations Environment Programme - Finance Initiative**

**Principles for Responsible Banking**

**Third Progress Report**



# 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

Eurobank Bulgaria AD (the Bank) is a universal bank incorporated and operating in Bulgaria, with headquarters in Sofia. The Bank operates under the brand name Postbank under a full banking licence issued by the Bulgarian National Bank. The Bank is a subsidiary of Eurobank Group, Greece. The principal regulators are Bulgarian National Bank and the Financial Supervision Commission. Since 1 October 2020, Postbank is directly supervised by the European Central Bank (ECB).

Postbank provides banking services to about one million retail and corporate customers in Bulgaria. As of 31/12/2023 Postbank had 229 network locations, 12 business centres and 4,213 employees. Total assets were 19,390 million levs<sup>1</sup>, gross loans to customers were 12,906 million, and client deposits were 15,653 million. Postbank's revenue in 2023 was 797 million levs and total shareholders' equity amounted to 2,276 million levs.

### Links and references

Separate Annual Activity Report 2023 – Business Description

Separate Financial Statements 2023 – Notes to the Separate Financial Statements: 1. General Information

[www.postbank.bg](http://www.postbank.bg)

## 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?**

<sup>1</sup> The Bank prepares its financial statements in the official currency of Bulgaria - the Bulgarian lev (BGN), which is pegged to the euro (EUR) under a currency board arrangement. The exchange rate is fixed at: 1 euro = 1.95583 lev and 1 lev = 0.511292 euro.

- 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: *Regulation (EU) 2020/852 (EU Taxonomy Regulation)*
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
- None of the above

*Response*

Postbank supports sustainable development and regards the transition to a sustainable and climate resilient economy as an opportunity. Our commitment to sustainability is expressed through our Sustainability Policy Statement:

‘We at Postbank believe that environmentally and socially responsible actions are an essential part of sustainable business growth. As a financial services institution, are aware of the environmental and social impacts of our own operations and we strive for efficiency in our use of natural resources, reduction of waste, pollution prevention, climate change mitigation and protection of biodiversity, in a workplace where human and labour rights, as well as health and safety are treated as matters of highest priority. We also recognise the indirect impacts stemming from our lending and investment activities. We have committed to regularly assess the environmental and social impact of our activities, establish appropriate objectives and targets, continuously enhance our mechanisms for control and improvement of our performance, and comply with all applicable local national and international environmental laws and regulations. We also believe that our business and financial activities can contribute to the promotion of sustainable development and economic growth. To this end, we maintain a responsible attitude towards our environment and society, and we encourage our clients, suppliers, shareholders, and other stakeholders to join us in the adoption of advanced sustainability practices.’

In addition, we have publicly disclosed on our website our ESG Strategic Vision which underlines the emphasis that we place on environmental protection, climate change mitigation, positive contribution to our society and the application of good governance practices. It also describes our commitment to strengthen our leading position in in sustainable finance in Bulgaria by developing further our ESG policies and translating them into specific actions to support our clients and stakeholders.

Postbank has been an active member of the UN Global Compact Bulgaria Network for many years and regularly participates in its various initiatives for the benefit of society and the protection of the environment. We support and uphold the Ten Principles of the Global Compact.

*Links and references*

Non-Financial Declaration 2023  
[ESG protection \(postbank.bg\)](https://postbank.bg/ESG_protection)

## 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 regularly<sup>2</sup> and fulfil the following requirements/elements (a-d)<sup>3</sup>:

**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 have performed an impact analysis to identify the main positive and negative impacts associated with our portfolio by using the Portfolio Impact Analysis Tool for Banks ("Portfolio Impact Tool" or "Tool") developed by UNEP FI. The Tool covers the four requirements for undertaking impact analysis - scope, scale of exposure, context & relevance, and scale & intensity/salience.

The Portfolio Impact Analysis Tool is an iterative input-output workflow designed to help banks determine their most significant impact areas in three steps:

#### 1) Context analysis

This is to ensure that the scope of the analysis reflects the core business lines and geographies in which the Bank operates, as well as areas where the bank is systemically important. The context identification phase also includes an analysis of the main challenges and priorities related to sustainable development in the main countries and regions in which the bank operates.

#### 2) Impact identification

Portfolio data is input in the Tool to visualize the bank's portfolio composition by sectors & industries for business banking portfolios and by products & services for consumer banking portfolios. The Tool produces 'impact profiles' per business line and country, drawing from built-in resources (a sector/impact map and a country needs assessment framework).

#### 3) Performance assessment

#### *Links and references*

<sup>2</sup> 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.

<sup>3</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

Based on a review of the generated impact profiles, the Tool enables the assessment of the bank's current performance through quantitative and qualitative indicators in relation to significant social and environmental impacts resulting from the bank's activities and provision of products and services.

The scope of our impact analysis focused on Postbank's core business areas, i.e. the retail and corporate banking portfolios in the Bank's country of operation - Bulgaria. The products included in the assessment were loans and advances to business clients as well as consumer banking products, such as current and savings accounts, certificates of deposit, mortgage and consumer loans, including overdrafts and credit cards. The impact analysis was based on portfolio data as of the last fiscal year (31/12/2023).

The Bank's trading and investment securities portfolios were not included in the impact assessment.

**b) Portfolio composition:** 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  
i) by sectors & industries<sup>4</sup> 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.

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.

### *Response*

As at 2023 fiscal year end, the Bank reported total gross loans and advances to customers of BGN 12,906 million or 67% of total assets on the balance sheet. The composition our our loan portfolio was as follows:

Loans and Advances to Customers	Amount (BGN, million)	
	2023	2022
Consumer lending (incl. credit cards)	3,246	1,869
Mortgage lending	3,671	3,083
Small business lending	1,020	908
Corporate lending	4,969	4,550

Customer deposits amounted to BGN 15,653 million, of which 72% were deposits of retail customers as presented in the table below:

Due to Customers	Amount (BGN, million)	
	2023	2022
Deposits of retail customers (small business and households)	11,206	9,874
Deposits of large corporate clients	3,567	3,053
Deposits of medium corporate clients	880	754

### *Links and references*

Separate Financial Statements 2023 –  
Separate Statement of Financial Position;  
Separate Income Statement;

<sup>4</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

The revenue of the Bank was 797 million levs, 80% of which was interest income as shown in the table below:

Income	Amount (BGN, million)	
	2023	2022
Net interest income	637	427
Net fee and commission income	149	142
Other income	11	-2

For the purposes of our impact analysis we considered the distribution of our portfolio across the following business segments as defined by the UNEP FI Impact Analysis Tool:

#### 1) Consumer Banking

We used the NACE industry classification of our products and services and the balance sheet amount of our customers' current accounts, savings accounts and certificates of deposits to determine the share of each product category of the total consumer banking portfolio. Outstanding amount was the indicator we used for the credit products (consumer loans and overdraft, mortgage loans, credit cards, vehicle and educational loans). Mortgage loans were 53% our total consumer credit portfolio, while consumer loans and overdraft, including credit cards were 47%.

#### 2) Institutional (Business) Banking

Our institutional banking analysis covered the following loan portfolios with a total amount of 5,989 million levs:

- Small business lending
- Medium and large corporates lending

We used the EU's statistical classification of economic activities NACE Revision 2 to analyse our exposure (in percentage terms) to the different sectors and industries in which our business clients operate. 95% of our total commercial loan portfolio was in the following ten high-level NACE categories:

- C - Manufacturing
- G – Wholesale and retail trade; Repair of motor vehicle and motorcycles
- L – Real estate activities
- I – Accommodation and food service activities
- F – Construction
- H – Transportation and storage
- A – Agriculture, forestry and fishing
- D – Electricity, gas, steam and air conditioning supply
- K – Financial and insurance activities
- M – Professional, scientific and technical activities

In order to identify the social, environmental and economic impacts that are associated with the sectors our bank finances, we relied on the Sector-Impact Map embedded in the Portfolio Impact Tool, which maps the associations for each of the sectors and industry activities and highlights sectors that are 'key' to the different impact areas.

Since the Institutional Banking Identification Tool allows users to select up to 50 sectors/activities, in line with UNEP FI's guidance we prioritised the sectors that we included in the Tool on the basis of the following considerations:

- 1) The size of our business in the different sectors
- 2) The systemic importance of the different sectors
- 3) The sectors of the Bank's biggest clients

We ranked the sectors at the most granular level in terms of their share of the total portfolio. Then we filtered the sectors defined by UNEP FI as 'key sectors' in terms of achieving and/or undermining the different impact areas and topics. We focused on the key negative as well as the key positive & negative ones. The 50 sectors that we selected for assessment covered 75% of our total small, medium and large corporate lending portfolio.

As part of the analysis we identified that we have significant exposures to the manufacturing, real estate and hotels sectors. According to UNEP FI's Sector-Impact Map, the above industries are associated with potentially negative impact on the natural environment, including climate stability, circularity and biodiversity. At the same time, they are also associated with potentially positive impacts on housing, healthcare and education, as well as on employment and wages in our country of operation. Real estate and hotel activities are also positively linked to flourishing MSMEs.

**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?<sup>5</sup> 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**

We utilized the UNEP FI Impact Analysis Tool to understand the environmental, social and economic context of the country in which we operate. We mapped the needs at the country level since we operate only in Bulgaria. Drawing on the conclusions of the official statistical data sets, research and policies compiled by UNEP FI, we were able to identify the challenges and priorities related to the impact areas most relevant to Bulgaria. These impact areas, their specific topics and relevant Sustainable Development Goals with a high level of need in Bulgaria are presented in the table below:

Impact Area	Impact Topics	Relevant SDGs for Impact Areas
Availability, accessibility, affordability, quality of resources & services	<ul style="list-style-type: none"> <li>• Water</li> <li>• Housing</li> </ul>	6, 9, 11, 16

**Links and references**

<sup>5</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

	<ul style="list-style-type: none"> <li>• Healthcare and sanitation</li> <li>• Mobility</li> <li>• Information</li> </ul>	
Infrastructure	Infrastructure	9
Socio-economic convergence	Socio-economic convergence	10, 17
Integrity & security of person	Modern slavery	8, 16
Circularity	<ul style="list-style-type: none"> <li>• Resource intensity</li> <li>• Waste</li> </ul>	11, 12

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)<sup>6</sup>? Please disclose.

*Response*

The Bank-specific impact analysis revealed that our products and services are associated with the following potential positive and/or negative impacts per business activity in the need and priority areas relevant for Bulgaria:

	<b>Consumer banking portfolio</b>	<b>Corporate and business banking portfolio</b>
<b>Positive impact</b>	Housing Mobility Socio-economic convergence	Housing Healthcare & sanitation Mobility Information Infrastructure
<b>Negative impact</b>	Resource intensity	Water Resource intensity Waste Modern slavery

Based on the results of the impact analysis, we prioritised the areas where we consider that our products and services could drive the largest potential positive and/or negative impact in line with our country's needs and priorities. The impact areas that we plan to address through appropriate strategies and actions are:

1. Availability, accessibility, affordability, quality of resources & services (housing)
2. Circularity (resource intensity and waste)
3. Climate stability

Our selection of impact areas is based on UNEP FI's guidance regarding prioritisation whereby we focused on:

- Impact areas that correspond to the main priorities in our geography (i.e. Bulgaria);
- Impact areas associated with large parts of the Bank's portfolio;

*Links and references*

<sup>6</sup> 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.



<ul style="list-style-type: none"> <li>• Impact areas associated with products and sectors where the bank has significant market share (i.e. consumer and mortgage loans);</li> <li>• Impact areas which, if addressed will enable other impact areas to be addressed (leveraging interlinkages with other impact areas).</li> </ul> <p>The PRB require that banks prioritise at least two impact areas or topics for target-setting. However, banks are not precluded from addressing the others, in particular as regards addressing negative impacts. Climate stability is not reported as a country priority for Bulgaria in the Context part of Impact Analysis Tool. However, we decided to add climate stability as our third priority area based on the following considerations:</p> <ul style="list-style-type: none"> <li>• The criticality of climate change mitigation and adaption, in line with the Paris Agreement and the EU’s legally binding targets on GHG emissions reduction by 2030 and achievement of net zero emissions by 2050.</li> <li>• A significant part of our portfolio is associated with this area in the Sector-Impact Map of the Tool.</li> </ul>	
<p><b>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u></b> Has your bank identified which sectors &amp; 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.</p> <p>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&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the <a href="#">Annex</a>.</p> <p>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.</p> <p><i>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.</i></p>	
<p><b>Response</b></p> <p>Utilising the UNEP FI Impact Analysis Tool we identified the sectors that play a key role in causing or addressing negative impacts in the prioritised areas. The results of the analysis indicate that the key sectors in which our corporate and small business clients operate and which potentially contribute to the identified impact areas include real estate, hotels, certain manufacturing industries and production of electricity.</p> <p>We plan to align the performance assessment in the context of the PRB with our reporting under the requirements of Regulation (EU) 2020/852 (EU Taxonomy Regulation). The Taxonomy establishes a common classification system that provides criteria for determining whether an economic activity qualifies as environmentally sustainable. Compliance</p>	<p><b>Links and references</b></p> <p>Non-Financial Declaration 2023</p>

with the Taxonomy is mandatory for all undertakings in European Union member states that fall within its scope.

The EU Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards economic activities most needed for the transition, in line with the objectives of the European Green Deal, the Paris Agreement and the SDGs. The Taxonomy establishes six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In 2023, the Bank was within the scope of the reporting requirements of the Taxonomy Regulation and disclosed its green asset ratio (GAR) in accordance with the applicable delegated acts and requirements. A detailed description of the methodology for data collection, assessment of exposures and reporting is included in the Bank's non-financial declaration in the annual report.

At present, our performance assessment is limited due to insufficient and incomplete data, as the Bank relies on the information provided by its customers. We have initiated actions for compiling the data that will allow us to perform a complete performance assessment in the coming years. We are committed to enhance and refine our capabilities for the quantification of performance against significant impact areas. Therefore, we will improve the collection of climate-related and environmental risk data by integrating additional information requirements in the credit process as well as cooperating with third party data providers as needed.

We recognize that financed GHG emissions are a key element for development and implementation of our financed impact strategy. GHG emissions are needed as input for the definition of a suitable sectoral approach and a comprehensive action plan for addressing the impacts associated with the Bank's loan portfolios. Therefore, we plan within the next 12 months to develop our capabilities to collect sufficient data to be able to estimate and monitor the GHG emissions of our customers and counterparties in accordance with the PCAF methodology.

### 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?<sup>7</sup>**

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

<sup>7</sup> 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.

Performance measurement:  Yes  In progress  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: availability, accessibility, affordability, quality of resources & services*

**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)

## 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 targets<sup>8</sup> 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 with<sup>9</sup> 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.*

### *Response*

As mentioned above, we aim to align our portfolio and maximize our contribution to the achievement of the objectives of the United Nations Sustainable Development Goals, the Paris Agreement, the EU's action plan on financing sustainable growth and the EU strategy for climate neutrality by 2050 ('the Green Deal'). All these frameworks are interlinked as the EU policies, initiatives and actions related to ensuring a sustainable future are fully aligned with the UN's Sustainable

### *Links and references*

<sup>8</sup> 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.

<sup>9</sup> 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.

Development Goals (SDGs) and cover the three dimensions of sustainability: economic, social and environmental. Furthermore, the EU objective of achieving a climate neutrality by 2050 is also in line with the Paris Agreement.

**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 &amp; 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.

***Response***

As stated in section 2.1, point d) above, we are committed to continuously enhancing and refining our capabilities for the quantification of performance against significant impact areas. This will also allow us to select appropriate KPIs and determine our baseline for those indicators as a basis for assessing our alignment with the frameworks we chose to align with (i.e. the Paris Agreement, the EU Green Deal, including the Sustainable Finance Action Plan and the United Nations Sustainable Development Goals). We plan to utilize the KPIs recommended by UNEP FI. Currently, the Bank is in the process of collecting the necessary data for adequate performance measurement and monitoring. We are also progressing with the development of appropriate strategies and enhancement of internal policies and actions for ensuring target achievement in the impact areas that we have prioritised. A summary of our progress with respect to the measurement of relevant KPIs and establishment of baseline levels with respect to climate stability is included in the table below:

***Links and references***

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	<i>A.1.1 – Climate strategy</i>	<i>In progress</i>
	<i>A.1.2 – Paris alignment target</i>	<i>Yes - net zero by 2050. Baseline and climate scenarios pending.</i>
	<i>A.1.3 – Policy and process for client relationships</i>	<i>In progress</i>
	<i>A.1.5 – Business opportunities and financial products</i>	<i>Yes. Please refer to sections 3.2 and 6.2 below.</i>
	<i>A.3.1 – Financial volume of green assets</i>	<i>The Bank is reporting a Green Asset Ratio under the EU Taxonomy. Please refer to section 6.2 below.</i>

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>10</sup>): 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.

#### *Response*

We will use the results of the impact analysis performed in the context of UNEP FI PRB as input for developing our financed impact strategy. The strategy will include specific targets that reflect the overarching importance of climate change mitigation and adaption in line with the EU's legally binding targets on GHG emissions reduction and achievement of net zero emissions by 2050. It will also be fully aligned with the financed impact strategy of the Eurobank Group. The Group financed impact strategy is structured around three main pillars:

#### 1. Sustainable Financing

Portfolio and sectoral targets with regards to financing the green transition of the Bank's clients

#### 2. Portfolio alignment

Alignment of portfolio with transition pathways for corporate clients in order to achieve specific targets in line with climate transition pathways (1.5°C / 2°C).

#### *Links and references*

Non-financial declaration 2023

Eurobank Group Annual Report 2022 Business & Sustainability

[www.eurobank.gr](http://www.eurobank.gr)

<sup>10</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

<p>3. Net Zero strategy</p> <p>Sectoral decarbonisation targets covering the Bank’s lending portfolios with phased target setting up to 2050.</p> <p>In view of the interlinkages of the various impact areas and topics defined by UNEP FI, our financed impact strategy will contain targets for sustainable finance, portfolio transition and decarbonization that will help us to address the most significant impact areas identified in the context of the PRB.</p> <p>We have the following capacity building and engagement targets for 2024:</p> <ol style="list-style-type: none"> <li>1) In order to leverage the experience and know-how of international financial institutions that are leaders in the advancement of sustainable economic development (such as the European Bank for Reconstruction and Development, the European Investment Bank, the World Bank Group, etc.), we aim to enter into partnership agreements with two such institutions by YE 2024 in support of the green transition of our clients.</li> <li>2) Considering the relatively low maturity level of the Bulgarian market, we plan to launch a client engagement campaign. As part of the campaign, we will deploy suitable tools for internal and external capacity building. This will include an awareness raising initiative for clients in order to increase customer engagement and facilitate data collection. Our goal is to influence our clients to develop their own transition plans that the Bank can support with appropriate sustainable financing solutions.</li> </ol>	
<p><b>d) <u>Action plan:</u></b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>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.</p>	
<p><i>Response</i></p> <p>We will actively support the green transition of our clients with an ambition to increase sustainable financing going forward. We will set sustainable financing targets in relation to annual disbursement of loans oriented towards activities that promote clean energy, resource efficiency, circular economy and pollution prevention. Making progress along the pillars that will form our financed impact strategy will also require raising our clients’ awareness and engagement to adapt their business models towards addressing the relevant climate, environmental and social challenges.</p> <p>We have already developed our operational impact strategy which includes commitments and targets related to increasing customers’ awareness and engagement with environmental, social and governance matters.</p> <p>In line with our published ESG Strategic Vision, we have committed to further expand our ESG policies and translate them into actions to</p>	<p><i>Links and references</i></p>

<p>support our clients and stakeholders. To this end, we are plan to implement new or enhance our existing policies, processes and undertake further actions to:</p> <ul style="list-style-type: none"> <li>• Offer suitable sustainable finance products to our customers.</li> <li>• Act responsibly by closely monitoring ESG risks in our activities.</li> <li>• Add value to society by contributing to various social initiatives.</li> </ul>	
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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: ... <b>(Availability, accessibility, affordability, quality of resources &amp; services)</b>	... second area of most significant impact: ... <b>(Circularity)</b>	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... <b>(Climate stability)</b></i>
Alignment	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No

**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 2<sup>nd</sup> 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 2023, Postbank adopted its Sustainable Finance Framework (SFF), which outlines the methodology for classifying the sustainable lending solutions, offered by the Bank to its clients. The framework is fully aligned with the SFF of Eurobank Group. It is based on internationally recognized industry guidelines and principles issued by the International Capital Markets Association and the Loan Markets Association, as well as the EU Taxonomy regulation.

The SFF specifies the activities defined as “eligible” to access sustainable financing, along with their respective eligibility criteria and/or the chosen sustainability performance targets and key performance indicators per industry. Credit facilities are classified based on purpose as dedicated-purpose loans, general-purpose loans and recovery and resilience facility loans. In line with the SFF, we develop and offer sustainable finance solutions to both retail and corporate customers.

Postbank is an active partner of EU and local governmental programs and initiatives that promote sustainable finance. We recently entered into a guarantee agreement with the European Investment Fund (EIF) under the InvestEU programme. The new instrument aims to support sustainable growth and promote the competitiveness of small and medium-sized enterprises, as well as to contribute to the green transformation of the Bulgarian economy. The program will enable us to provide easy access to preferential financing to our business clients, supporting their liquidity needs and projects. About half of the available funding of up to 403 million euro under the programme (up to 200 million euro) is targeted specifically to sustainability projects of small and medium enterprises in support of their transition to a green economy, by investing in green, sustainable and inclusive products and business practices in the areas of energy efficiency and renewable energy.

Within the next 12 months, will continue to look for further opportunities to facilitate the green transition of our clients. We view our participation in funding and guarantee programs sponsored by the EU or other international organizations as key enabler of sustainable development. Therefore, we plan to sign new guarantee agreements with international financial institutions that will provide more opportunities for improving the competitiveness of the small and medium-sized companies and easy access to attractive credit facilities to our retail and corporate clients.

### *Links and references*

Non-financial declaration  
2023

[www.postbank.bg](http://www.postbank.bg)

## **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 customers<sup>11</sup> 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 activities<sup>12</sup>). 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 try to lead by example and use every opportunity to encourage our customers to adopt sustainable practices. We regularly participate in industry seminars and conferences, as well as meetings with businesses where we are able to exchange ideas, share examples of good practice, present new opportunities and offer advice and support to our existing and potential clients on their green transition.

Through our participation and support of various 'green' activities and initiatives benefitting our community we seek to cultivate among our staff, our clients and the public at large, a responsible attitude to everything that surrounds us. We are also able to engage in direct two-way communication and open dialogue which helps us identify the needs and priorities of our stakeholders and society where we can focus our efforts.

#### 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.).

<sup>11</sup> 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.

<sup>12</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

## *Response*

Over the last couple of years, we have introduced many innovative products and services, focusing on improving the ease of access to financial products and providing additional benefits to our clients as well as opportunities to invest in more sustainable solutions and business practices. Some of these include:

### Green Home Loan

The green home loans help our customers to reduce their environmental footprint while seeing their dream of a new home come true. Funds can be used the purchase of energy-efficient residential property Class A or higher, as well as for improving the energy-efficiency of the property, for example by installing photovoltaic panels for renewable energy production, solar panels for production of hot water or investment in smart home energy systems that reduce energy consumption. The preferential interest rate on the Green Loan enable our clients to contribute to a more sustainable future and save on interest expense at the same time.

### Green Business Loan

With the green loans for corporate clients Postbank provides attractive conditions for financing of up to 90% of the costs for the construction of a photovoltaic plant, with a grace period of up to 18 months and long repayment period - up to 12 years after the facility is put into operation. The installation of solar plants helps to optimise the long-term electricity costs of small, medium and large enterprises.

With the green loans for small businesses, clients can finance the purchase of electric or hybrid electric vehicles, equipment for generation of green energy from biomass, solar panels or other renewables, or the acquisition of energy saving equipment. All of these are small steps that when added to the small steps of many small companies can result in significant benefits for the business and the environment at the same time.

### Eco Auto Loan

The Bank offers preferential conditions, lower interest rate and other discounts to customers who want to purchase an electric or plug-in hybrid electric vehicle.

### Fixed Interest Mortgage Loan

Postbank introduced to the Bulgarian market a housing loan with a fixed interest rate for the first 10 years. This new financial offering provides long-term security and predictability for consumers in the Bulgarian market, where variable interest rate mortgages are prevalent.

### Fixed Interest Business Loan

Postbank offers SME customers an attractive solution for working capital or investment loans with a fixed interest rate for the first three years. The loan provides predictability and security to entrepreneurs, allowing them to focus on developing their business instead of worrying about increasing loan installments.

### "Project YOUth"

## *Links and references*

Separate Annual Activity Report 2023 – New Products

[www.postbank.bg](http://www.postbank.bg)

This is a modern program tailored to the needs of older children and teenagers, which encourages these young people to develop good financial habits and skills to manage their own budget, build independence and discover new financial opportunities.

#### "Towards Home"

Postbank launched a new value-adding financial solution designed to assist consumers on their journey to owning a dream home by combining two banking products. Under the program, customers can open a deposit account with special conditions to save their own contribution towards purchasing a home, as well as apply for a housing loan with preferential conditions.

#### Student Loans

We offer targeted state guaranteed student loans that cover the tuition fees of students or provide financial support for children born or adopted by students enrolled in a university. Student loans are offered under preferential conditions, such as fixed interest, grace period, long repayment period and no collateral requirements. There are no application, maintenance or early repayment fees.

#### Business Education Loans

Postbank offers targeted consumer loans for business education worldwide, which are unmatched on the Bulgarian market. Borrowers can finance the tuition fees for various programs such as Master of Business Administration, Executive Master of Business Administration, Advanced Management, etc. The product is designed to meet the growing interest in financing education that opens the door to individuals' career growth and prosperity.

#### Digital solutions

Postbank offers a wide arrangement of digital solutions that allow us to provide innovative services that meet the needs of our customers and to optimize our physical footprint at the same time.

The Bank offers a fully remote process for issuing credit and debit cards, whereby customers can apply for their cards online and receive them at a chosen address without visiting a bank office.

Our digital service allows users to become bank clients and apply for a product completely remotely without visiting our office. With just a few clicks, new clients can apply for a consumer loan and take advantage of the Bank's new Digital Program.

We plan to continue adding more value to our products and services, while decreasing our environmental footprint and contribute to the preservation of the natural environment.

# 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 groups<sup>13</sup>) 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 use every opportunity to engage with our various stakeholders in order to increase our positive impacts on the environment and support the achievement of our society's goals.

Our stakeholder groups include our shareholders, the Bank's Supervisory Board and the Management Board, our employees, customers, the business community that we are part of, the civil society in which we operate, the government and regulators, our suppliers and partners.

We try to operate in a way that meets the needs, expectations and requirements of all of our internal and external stakeholders without compromising the interests of one group over another.

### Civil society

We take care to identify the priorities of the local communities and support programs and initiatives that address those needs. In the last couple of years Postbank implemented a number of socially significant projects in the areas of entrepreneurship, education, environmental protection, sports and corporate sponsorship alone or in collaboration with other non-governmental, educational and industry organizations.

### Customers

We strive to meet the needs and expectations of our customers with whom we interact on a daily basis through our:

- ✓ Extensive retail branch network

### *Links and references*

Separate Annual Activity Report 2023 – Important Events During the Financial Year; Sustainable Development  
Non-Financial Declaration 2023

<sup>13</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

- ✓ Client relations unit
- ✓ 24/7 customer telephone line
- ✓ Postbank's website and social media accounts
- ✓ Internet and mobile banking applications
- ✓ Digital wallet application
- ✓ Specialized home financing centres
- ✓ Online home financing centre
- ✓ Video banking consultation zones
- ✓ Express banking digital zones
- ✓ Small business banking centres
- ✓ Corporate banking centres
- ✓ Consumer credit centers Momento
- ✓ PB Personal Finance centers
- ✓ Premium banking centres
- ✓ Priority desks in select branch offices
- ✓ EVA – digital assistant

#### Employees

Postbank is the fourth largest bank in Bulgaria and one of the largest employers in the country. We deeply value our employees and believe that taking care of our employees is essential for the achievement of our strategic goals. We work systematically on innovative initiatives aiming to improve employee experience, offer a wide range of activities to optimize the work environment, continuing professional development and training, engaging our employees in corporate social responsibility activities with high added value for society. We promote transparency and open dialogue and provide various channels of internal communication, including periodic employee engagement and satisfaction surveys.

#### Business community

Postbank is a member of the Sustainable Finance Working Group at the Association of Banks in Bulgaria as well as the ESG Committee at the Confederation of Employers and Industrialists in Bulgaria.

The bank is also an active member of:

- ✓ The Confederation of Employers and Industrialists in Bulgaria
- ✓ The American Chamber of Commerce in Bulgaria
- ✓ The Hellenic Business Council in Bulgaria
- ✓ The Association of Banks in Bulgaria
- ✓ Borica AD
- ✓ Endeavour Bulgaria Association
- ✓ Bulgarian Business Leaders Forum
- ✓ Bulgarian Donors' Forum
- ✓ Atanas Burov Foundation
- ✓ Bulgarian Association of Advertisers
- ✓ Bulgarian Fintech Association

## 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*

The organization structure of the Bank is designed to ensure that risks, impacts and opportunities related to our operations are appropriately managed and controlled. We recently updated our sustainability governance structure by establishing fully dedicated roles and responsibilities in relation to environmental, social and governance as well as climate-related and ESG risks. This structure is aimed to address both regulatory requirements and our voluntary commitments.

In November 2023 we established an ESG Management Committee (“ESGMC”) chaired by the Chief Executive Officer and reporting to the Bank’s Management Board. The ESGMC comprises members of the top management of Postbank. Its purpose is to:

- provide strategic direction on ESG initiatives;
- review the Bank’s ESG strategy;
- integrate the elements of the ESG strategy into Postbank’s business model & operations;
- measure and analyze the progress of the ESG goals and performance targets; and
- ensure the proper implementation of ESG related policies and procedures, in accordance with supervisory requirements and voluntary commitments.

The ESGMC will meet four times a year and ad hoc when necessary. It will escalate material risks and issues related to its responsibilities to the Bank’s Executive Committee, the Management Board or any other governance body, as deemed necessary.

We have an ESG Department reporting to the CEO. Its main responsibility is to promote the ESG principles and culture across the Bank. The ESG Department is also responsible for monitoring the Bank’s operational impact and for the coordination of the ESG strategy implementation. The ESG Department Head acts as Secretary of the ESGMC.

### *Links and references*

Corporate Governance Statement 2023

Non-Financial Declaration 2023

We have also established a special Climate and ESG Risks Department within Risk Division, whose overall responsibility is to identify, measure, monitor, control and integrate climate related and ESG risks into the Bank's risk management policies and procedures, so that we are able to manage the relevant risks and comply with supervisory requirements. The unit reports to the Chief Risk Officer and is independent of the business units.

## 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*

We believe that the successful implementation of the principles for responsible banking relies on the daily efforts of our employees, therefore the promotion of a culture of responsible banking among staff is our top priority. We place great emphasis on increasing internal awareness and employee capacity building so that we can effectively support our customers on their sustainability journey and green transition. Members of management and relevant staff regularly participate in seminars and training events addressing sustainability and climate-related topics.

We also plan to implement a comprehensive employee upskilling programme, which will cover ESG, climate-related and environmental risk matters through:

- ✓ Dedicated internal ESG learning page available to all staff;
- ✓ Trainings tailored to the specific needs of different categories of staff across the three lines of defence, including key management;
- ✓ Internal ESG bulletin drawing staff's attention to UN's sustainable development goals, climate, environmental and social issues;
- ✓ Practical advice and tips to staff on how to integrate sustainability into their work and life;
- ✓ Engaging employees through surveys on ESG topics; and
- ✓ Any other initiatives that can increase staff understanding and engagement.

To enhance internal awareness, back in 2008 we set up a Green Board – an informal internal organization of volunteers, which aims to foster awareness on environmental matters and to come up with initiatives in the area of responsible banking. Throughout the years of its existence, the Green Board has proven to be an efficient channel of innovative ideas from the bank employees.

We also have our own internal program Green Together with Postbank in support of green initiatives which are implemented with the voluntary work of our employees.

### *Links and references*

Non-Financial Declaration 2023

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>14</sup> 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*

The Bank has in place a consistent and effective framework for risk identification, assessment, monitoring and control.

The Risk Committee of the Bank is in charge of monitoring the quantitative and qualitative aspects of all credit, market, liquidity and operational risks and approves all strategic risk management decisions. The Bank's risk management function is capturing all material risk sources across all portfolios and operations.

The Bank adheres to the Eurobank Group's Environmental and Social Policy which sets the framework of general principles and requirements for the management of environmental and social risks and issues. The Group's Environmental and Social Management System (ESMS) includes the following key components:

- ESMS policies, guidelines and manuals
- Roles, responsibilities and authorities for implementing the ESMS
- Provision of training on environmental and social issues
- Documented process to assess environmental and social impacts and risks
- Monitoring of performance, environmental and social action plans and corrective actions as well as records maintenance
- Reporting to shareholders and stakeholders (e.g. EBRD)

In line with the Eurobank Group's E&S Policy, Postbank has implemented a procedure for assessment and management of the environmental and social risks in its business lending portfolios. The procedure defines the methodology for initial climate, environmental and social risk assessment at the loan approval stage and its subsequent monitoring.

Under the procedure, companies applying for financing and their activities are screened against the Environmental and Social Exclusion list. Utilizing an Environmental and Social Risk Screening Scorecard based on the applicant's economic activity and other criteria such as amount, purpose and term of the loan business, the respective financing transactions are classified as low, medium or high risk according to their potential environmental and social impacts. Depending on the results of the risk assessment, further actions are undertaken to ensure that the

#### *Links and references*

Separate Annual Activity Report 2023 – System of Internal Controls and Risk Management Main Features: 6.4 Risk Management

Non-Financial Declaration 2023

<sup>14</sup> 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.



companies to be financed by the Bank have implemented adequate measures for the management of environmental and social risks, mitigation of impact and compliance with the applicable local, national and international environmental, health and safety, labour laws and regulations.

### 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

## 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

We engaged KPMG to provide independent assurance on the information disclosed in the present report. The assurance report is included as Attachment I hereto.

#### Links and references

Attachment I

### 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: NFRD, EU Taxonomy

<p><i>Response</i></p> <p>Postbank is reporting information on the environmental and social aspects of its business as well as employee matters in the annual management report in accordance with the requirements Directive 2013/34/EU (Accounting Directive) as amended with Directive 2014/95/EU regarding disclosure of non-financial and diversity information by certain large undertakings and groups, referred to as the Non-Financial Reporting Directive.</p> <p>On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force. It significantly expands the scope of the NFRD concerning the social and environmental information that companies have to report according to newly adopted European Sustainability Reporting Standards (ESRS) developed by EFRAG. The new rules will be applied for the first time in the 2024 financial year, for reports published in 2025. According to EFRAG the ESRS offer a high degree of interoperability with the sustainability reporting standards of the GRI and ISSB.</p> <p>The Bank falls within the scope of the reporting requirements of the Regulation (EU) 2020/852 (the EU Taxonomy), whereby the Bank calculates its key performance indicators (KPIs), its exposures to economic activities eligible under the requirements of the EU Taxonomy, and its exposures to economic activities aligned with the EU Taxonomy. The GAR for 2023 is presented in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">KPI based on turnover KPI of the counterparty</th> <th style="width: 35%; text-align: center;">KPI based on CapEx KPI of the counterparty</th> </tr> </thead> <tbody> <tr> <td>Eligibility KPI</td> <td style="text-align: center;">24.11%</td> <td style="text-align: center;">24.19%</td> </tr> <tr> <td>Green Asset Ratio (GAR)</td> <td style="text-align: center;">0.64%</td> <td style="text-align: center;">0.12%</td> </tr> </tbody> </table>		KPI based on turnover KPI of the counterparty	KPI based on CapEx KPI of the counterparty	Eligibility KPI	24.11%	24.19%	Green Asset Ratio (GAR)	0.64%	0.12%	<p><i>Links and references</i></p> <p>Non-Financial Declaration 2023</p>
	KPI based on turnover KPI of the counterparty	KPI based on CapEx KPI of the counterparty								
Eligibility KPI	24.11%	24.19%								
Green Asset Ratio (GAR)	0.64%	0.12%								

<p><b>6.3 Outlook</b></p> <p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>15</sup>, target setting<sup>16</sup> and governance structure for implementing the PRB)? Please describe briefly.</p>	
<p><i>Response</i></p> <p>In 2024, we will focus our efforts in several areas:</p>	<p><i>Links and references</i></p>

<sup>15</sup> 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

<sup>16</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

<ul style="list-style-type: none"> <li>✓ Building the capacity and increasing the relevant skills of our employees in the areas of ESG and climate opportunities and risks, so they are able to support our clients on their sustainability journey and their green transition.</li> <li>✓ Active promotion of opportunities for the greening of our economy by participating in governmental programs and partnerships with international financial institutions providing funds and support for ESG related projects and initiatives of our current and potential clients.</li> <li>✓ Automating the process for assessment and monitoring of financing facilities for alignment with the criteria of our Sustainable Finance Framework (SFF).</li> <li>✓ Developing capabilities for assessment of our performance in significant impact areas through improvements in our data collection processes, integrating additional information requirements in the credit workflow and cooperating with third party data providers.</li> <li>✓ Exploring new opportunities and implementing effective measures to further reduce the impact of our own operations.</li> </ul>	<p>Non-Financial Declaration 2023</p>
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## 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 checked="" type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability      |
| <input type="checkbox"/> Conducting an impact analysis                                         | <input checked="" type="checkbox"/> Data quality           |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources               |
| <input checked="" 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:



KPMG Audit OOD  
45/A Bulgaria Boulevard  
Sofia 1404, Bulgaria  
+359 (2) 9697 300  
bg-office@kpmg.com  
home.kpmg/bg

## **Independent limited assurance report on the Key Areas reported in the Principle for Responsible Banking Report of Eurobank Bulgaria AD for the year ended 31 December 2023**

To the Board of Directors of Eurobank Bulgaria AD

We were engaged by the board of directors of Eurobank Bulgaria AD (“the Bank”) to report on the following areas included in the Bank’s Principle for Responsible Banking Report (the “PRB Report”) for the year ended 31 December 2023:

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation and monitoring, and
- 5.1 Governance Structure for Implementation of the Principles

(the “Subject Matter Information” or “Key Areas”),

in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Key Areas in the PRB Report for the year ended 31 December 2023 are not prepared, in all material respects in accordance with the “Principle for Responsible Banking – Guidance Document” and Reporting and Self-Assessment Template issued by the United Nations Environment Programme Finance Initiative (“UNEP FI”).

### **Responsibilities of the Bank’s Board of Directors**

The Bank’s Board of Directors of is responsible for the preparation, content and presentation of the PRB Report, including the Key Areas therein, that is free from material misstatement in accordance with the “Principle for Responsible Banking – Guidance Document” and Reporting and Self-Assessment Template issued by the UNEP FI and for the reliability and completeness of the information and data contained therein.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. It also includes selecting suitable criteria, ensuring that the Bank complies with the “Principle for Responsible Banking – Guidance Document and Reporting and Self-Assessment Template, selecting and applying policies, making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the PRB Report and the Key Areas.

The Bank’s management is also responsible for preventing and detecting fraud and for identifying and ensuring that the Bank complies with laws and regulations applicable to its activities. The Bank’s management is responsible for ensuring that staff involved with the preparation of the PRB Report are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units/ operational sites.



## Our Responsibilities

Our responsibility is to examine the Key Areas prepared by the Bank and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Subject Matter Information is prepared, in all material respects, in accordance with the “Principle for Responsible Banking – Guidance Document” and Reporting and Self-Assessment Template as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Key Areas and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Key Areas and other engagement circumstances, we have considered the process used to prepare the PRB Report and the Key Areas therein in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Bank’s process or internal control over the preparation and presentation of the PRB Report and the Key Areas.

Our engagement also included: assessing the appropriateness of the Key Areas, the suitability of the criteria used by Bank in preparing the PRB Report and the Key Areas therein in the circumstances of the engagement, evaluating the appropriateness of the methods, policies and procedures used in the preparation of the PRB Report and the Key Areas and the reasonableness of estimates made by the Bank.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The procedures we performed are based on our professional judgement and include inquiries, primarily of the Bank’s personnel responsible for the preparation of the information presented in the Key Areas, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, among other things, we performed the following procedures:

- Understanding of the process for the preparation of the Subject Matter Information through inspection and analysis of the relevant internal documentation (policies, procedures, process guides and methodologies);
- Inquiries of the Bank’s management to understand the information technology systems applied in the preparation of the PRB Report and the Key Areas therein;
- Inspection and analysis, on a sample basis, of documentary evidence supporting the preparation of the Subject Matter Information;



- Analysis of the consistency of the information reported in the Subject Matter Information with the relevant disclosures in the 2023 separate non-financial declaration of the Bank, accompanying its separate financial statements for the year ended 31 December 2023, approved by the Management Board on 27 March 2024;

### Reporting Criteria

The Reporting Criteria against which the Key Areas were measured and evaluated are included in the “Principle for Responsible Banking – Guidance Document” and Reporting and Self-Assessment Template issued by the United Nations Environment Programme Finance Initiative (“UNEP FI”).

### Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Key Areas for the year ended 31 December 2023 have not been prepared, in all material respects, in accordance with the „Principle for Responsible Banking – Guidance Document” and Reporting and Self-Assessment Template.

### Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Bank and UNEP FI for any purpose or in any context. Any party other than the Bank and UNEP FI who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Bank and UNEP FI for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Bank’s management on the basis that it shall not be copied, referred to or disclosed, in whole (save for Bank’s own internal purposes) or in part, without our prior written consent.

As a signatory to the UN Principles of Responsible Banking, Eurobank Bulgaria AD is required to publish the completed PRB Report, and “the outcome of the assurance process should be included in the bank’s reporting, as per the Principles for Responsible Banking Guidance Document”. Without affecting, adding to or extending our duties and responsibilities to the Bank or giving rise to any duty or responsibility being accepted or assumed by or imposed on us or any party except the Bank, we have consented to the disclosure of our report on Bank’s website at [www.postbank.bg](http://www.postbank.bg) to facilitate the Bank meeting this requirement.

26 June 2024

Sevdalina Dimova  
*Registered Auditor, Authorised Representative*

KPMG Audit OOD  
45/A Bulgaria Boulevard  
1404 Sofia, Bulgaria