



AS Citadele banka

Green lending framework

Overview of the latest Citadele Green Lending Framework
Version 1.0 | Effective as of: 31 July 2024



About this Framework

The purpose of the Green Lending Framework is to establish a comprehensive set of principles that guide green financing practices at Citadele and to define a consistent approach to green lending. The Framework is reviewed and updated on an annual basis to ensure it remains aligned with evolving best practices and regulatory requirements, including those outlined in the EU Taxonomy Regulation.

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Introduction

AS Citadele banka (hereinafter – the Group, Citadele, or we) is a universal bank that provides a broad range of banking products and services to its retail and corporate customer base. Our main customer segments include private individuals, small and medium-sized enterprises (SMEs), and large corporations. The Group offers a comprehensive portfolio that includes deposit and loan products, leasing, factoring, and other financial services.

As a signatory of the UN Principles for Responsible Banking (PRB), we are committed to aligning our business strategy with the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement. We aim to develop our business with a long-term perspective, in alignment with our environmental, social, and governance (ESG) objectives. We recognize that our business model can significantly influence both climate and society, directly and indirectly. This includes respecting the natural environment and embedding responsible, ethical practices into the decisions we make, the products we design, and the services we deliver.

As a regional bank with strong ties to our customers, Citadele is well-positioned to support the transition to a more sustainable economy. We do this by offering green financing solutions, adopting sustainable practices internally, and encouraging our clients to do the same. The Group has set a clear ambition to achieve net-zero carbon financed emissions by 2050.

Looking ahead, the market for green finance continues to evolve rapidly. At Citadele, we are committed to staying at the forefront of these developments to ensure we can provide our customers with effective, forward-looking support. Through this Green Lending Framework, we are expanding our green financing offering to new sectors, while integrating the EU's criteria for sustainable economic activities as outlined in the EU Taxonomy.

General information and principles

Citadele's Green Lending principles align with the overall approach and objectives of the EU Taxonomy, which require Green Projects and Green Assets to make a substantial contribution to at least one of the EU's climate and environmental goals. While aligned in this respect, the Citadele Green Lending principles currently do not incorporate the "do no significant harm" (DNSH) criteria set out in the first Climate Delegated Act (EU) 2021/2139 of 4 June 2021 and the second Climate Delegated Act (EU) 2023/2485 of 27 June 2023, developed under the EU Taxonomy Regulation (EU) 2020/852. Additionally, the framework does not yet define a specific approach for implementing minimum social safeguards (MSS).

Given the complexity of the technical screening criteria and the current limitations in obtaining consistent, verifiable data from clients and projects, Citadele has chosen to focus on areas where it can create the most immediate positive impact. At the same time, we remain committed to continuously enhancing our framework. As methodologies mature and data availability improves, we intend to further align with the EU Taxonomy by progressively integrating DNSH and MSS requirements into our green lending practices.

Citadele green - definition

Citadele Green encompasses all green lending solutions offered by the Group. These solutions are designed to finance projects and assets that provide environmental benefits and promote sustainable development. Currently, the Group offers several green financing solutions to both private and corporate customers.

For private customers, we currently offer:

- Green mortgage loan – for purchasing a green home with high energy efficiency standards;
- Green vehicle leasing – for acquiring low- and zero-emission vehicles, including passenger cars, L-category vehicles, etc.

For corporate customers, we currently offer:

- Loans classified as green under the EIB/EIF Green Framework;
- Loans classified as green under the EBRD Green Framework (programme concluded in 2024);
- Multi-apartment building energy efficiency improvement loans in Latvia (ALTUM DME loans);
- Green vehicle leasing – for purchasing low- and zero-emission vehicles, including light commercial vehicles, heavy-duty vehicles, and public transport;
- Loans classified as green under Citadele's internal criteria (see section below: *Other Green Deal*) – targeting categories that deliver meaningful environmental benefits but do not fully meet the EU Taxonomy criteria.

Other Green Deal

When assessing the Green Lending categories outlined below, the EU Taxonomy's "substantial contribution" (SC) criteria is used as a reference point. However, it is not applied in full due to the current level of client readiness to comply with the complexity of the technical requirements, as well as the limited availability of consistent and verifiable data across project types. In these cases, the primary focus is on supporting the transition to a greener economy.

As of now, the Group recognizes the following categories as eligible under its own Green Lending criteria:

- Green buildings certified as BREEAM "Excellent" or "Outstanding", or LEED "Gold" or "Platinum"
- Large-scale renewable energy production projects (e.g., solar parks);
- Energy efficiency in buildings through small-scale renewable energy generation (e.g., on-site wind turbines);
- Building envelope improvement projects (e.g., window replacement);
- Individual renovation measures in existing buildings (e.g., installation of EV charging stations);
- Energy efficiency improvements in existing industrial facilities (e.g., installation of electric heat pumps for process heat);
- Energy and resource efficiency projects in agriculture (e.g., greenhouse heating system upgrades);
- Clean transportation projects (e.g., purchase of low- and zero-emission light commercial vehicles);

Looking Ahead

As the green finance market continues to evolve, the Group remains committed to broadening the scope of its Green Lending categories and expanding the range of eligible projects and assets in line with both market needs and ongoing regulatory developments.

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Altum DME loans	The energy efficiency programme of multi-apartment buildings implemented in accordance with Cabinet of Ministers regulations no. 880 and EU Cohesion Policy Program 2021-2027. https://www.altum.lv/en/services/individuals/energy-efficiency-programme-of-apartment-buildings-2021-2027/
Citadele, Group, we	AS "Citadele banka" and SIA "Citadele Leasing"
EBRD Green framework	Green projects in line with EBRD's Green Economy Transition approach
EIB green financing	The 'EIB Green' (climate action criteria and environmental sustainability) criteria are aligned with the substantial contribution (SC) criteria as defined in the first Delegated Act developed under REGULATION (EU) 2020/852 (EU Taxonomy), where applicable. The Green Eligibility Checker allows to assess whether an investment project qualifies for EIB Green Financing.
EU Taxonomy Regulation	the EU taxonomy is a cornerstone of the EU'S sustainable finance framework and important market transparency tool. It helps direct investments to the economic activities most needed for the transition, in line with the European Green Deal objectives. The taxonomy is a classification system that defines the criteria for economic activities that are aligned with a net zero trajectory by 2050 and the broader environmental goals other than climate.
Green Assets	a type of asset that helps to achieve environmentally sustainable purposes, reduce carbon emissions and promote transition to green technologies and practices. These assets include electric vehicles, energy-efficient equipment or other objects that meet sustainability criteria which are in line with the principles, defined there in the
Green Lending	a type of financing solution meant for exclusively financing and re-financing Green Projects and Green Assets with environmentally sustainable purposes and contributing to green transition.
Green mortgage loan	Buildings constructed until end of 2020 - "A" energy efficiency class (Baltic) Buildings constructed from 2021 Latvia <ul style="list-style-type: none">▪ "A" or "A+" energy efficiency class;▪ Building meets nearly zero-energy building criteria;▪ The building's primary non-renewable energy demand must comply with the following criteria: it must be at least 10% lower than the threshold set for nearly-zero energy buildings according to local legislation. Specifically, for residential houses with a heated area of 50–120 m², the primary energy demand must not exceed 99 kWh/m² per year. For houses between 120–250 m², the limit is 90 kWh/m² per year, and for those exceeding 250 m², it must not exceed 85 kWh/m² per year. Lithuania <ul style="list-style-type: none">▪ "A++" energy efficiency class, which means that building meets nearly zero-energy building criteria;▪ The building's primary non-renewable energy demand must be at least 10% lower than the threshold set for nearly zero-energy buildings according to local legislation. For residential one- and two-apartment houses, the primary energy demand is calculated as: $546 \times (\text{heated area in m}^2)^{-0.2}$ minus 10%. For other residential buildings (e.g., apartment buildings), the demand is calculated as: $307 \times (\text{heated area in m}^2)^{-0.07}$ minus 10%. Estonia <ul style="list-style-type: none">▪ "A" energy efficiency class; Building's Primary Energy Demand complies with the criteria in the following table (10% lower than the threshold set for nearly-zero energy buildings in local legislation) - For residential houses, the energy demand criteria vary by heated area: If the heated area is less than 120

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	<p>m², the building must not exceed 130 kWh/m² per year; If the heated area is between 120 and 220 m², the building must not exceed 108 kWh/m² per year (this also applies to all linked houses, regardless of their size); If the heated area is more than 220 m², the building must not exceed 90 kWh/m² per year. For multi-apartment buildings, the energy demand must not exceed 94 kWh/m² per year.</p>
Green Projects	<p>projects that prioritize environmentally sustainable purposes. These projects aim to reduce carbon emissions, conserve, natural resources, and promote cleaner technologies. Green projects can take many forms, including renewable energy projects, energy-efficiency in buildings, clear transportation projects, and more. Green Projects do not necessarily have to involve the financing of Green Assets, as the positive environmental impact is obtained by a combination of activities and initiatives performed by the company. However, Green Asset financing may be a part of a Green Project.</p>
Green Vehicle leasing	<p>any type of leasing transaction, i.e. operational lease, financial lease, leasing for private and corporate customers, meant for purchasing, financing, renting, leasing and operating of low and zero direct emissions vehicles:</p> <ul style="list-style-type: none">▪ Zero direct emission vehicles (incl. hydrogen, fuel cell and electric) – no CO₂ emissions from the tailpipe of the vehicle.▪ Category L vehicles (2- and 3-wheel vehicles and quadricycles) - the tailpipe CO₂ emissions equal to 0g CO₂e/km calculated in accordance with the emission test laid down in Regulation (EU) 168/2013.▪ Low emission vehicles - until December 2025, with WLTP emissions <50gCO₂/vkm (41.32gCO₂/km in NEDC terms); from January 2026, the threshold - zero.
Paris agreement	<p>Legally binding international treaty on climate change with a goal to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels and reaching net-zero greenhouse gas emissions by 2050.</p>
UN Principles for Responsible Banking (PRB)	<p>United Nations Environment Programme Finance Initiative Principles for Responsible Banking; framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.</p>
UN Sustainable Development Goals (SDGs)	<p>formulated in 2015, form the framework for nations, businesses, and societies on how to achieve long-term economic growth, social inclusion and environmental protection. The 17 SDGs define the main objectives which are broken down into 169 targets with the aim to identify concrete actions.</p>

More Information and Contact Details

Sustainability-Related Information:

For more details on Citadele's sustainability initiatives, please visit:

<https://www.cblgroup.com/en/about/social-responsibility/>

Contact for Sustainability Inquiries:

For any inquiries or concerns related to sustainability, including environmental and social matters, please contact:

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