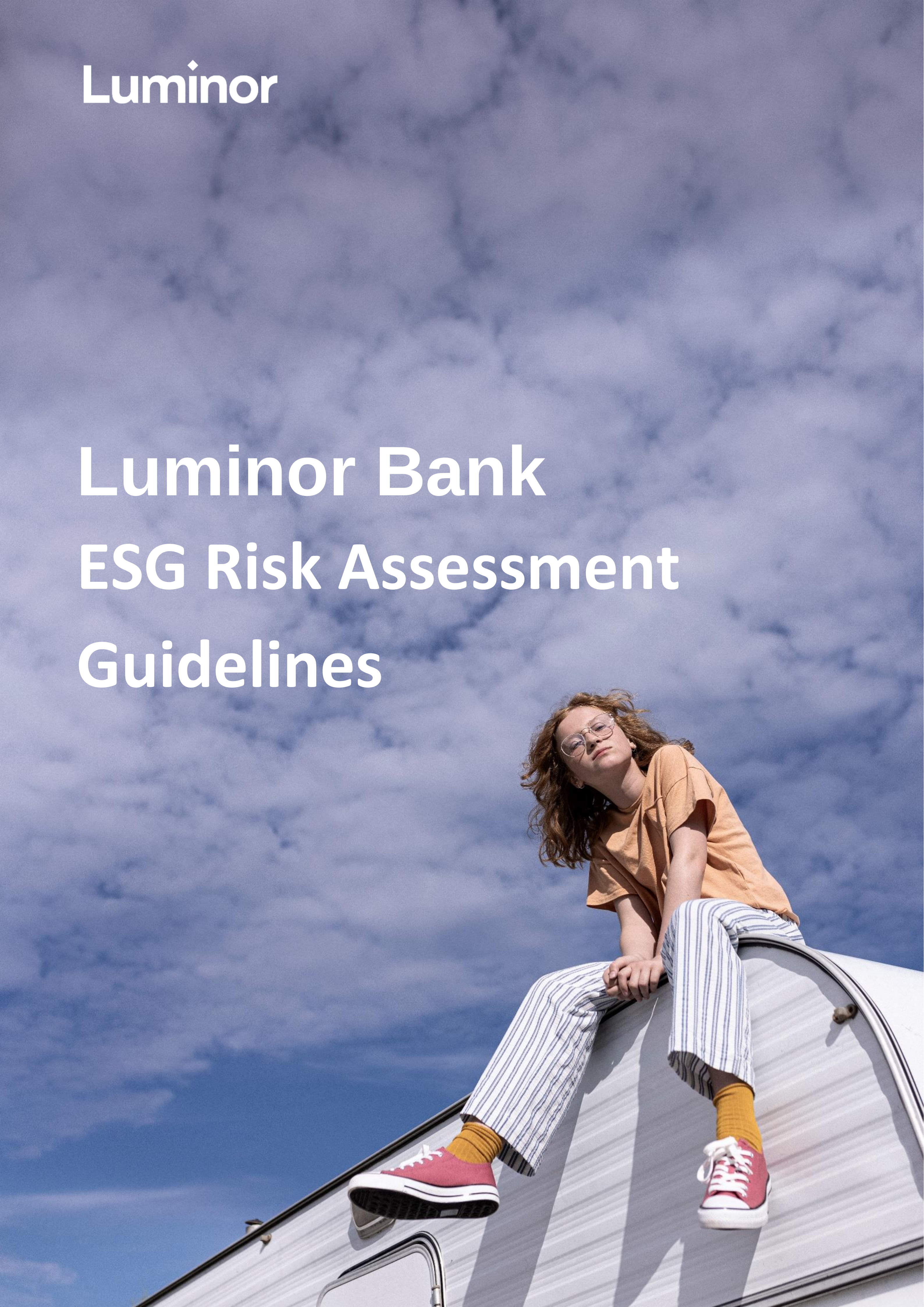
Luminor Bank
ESG Risk Assessment Guidelines



ESG RISK ASSESSMENT GUIDELINES

Luminor's aim is to finance companies and projects that contribute to sustainable economic growth, do not harm environment, mitigate and adapt to climate changes, follow relevant social and governance standards. To achieve this the Bank has incorporated ESG factors and related risks assessment principles into credit risk management policies and procedures to comply with Bank's Sustainability Policy requirements and set targets.

The main objective of ESG Risk Assessment Guidelines is to describe and integrate the assessment process of ESG risks of the legal entities as a part of the existing overall creditworthiness assessment process.

ESG Risk Assessment Guidelines define main principles and requirements for ESG risk assessment for new and existing credit customers. These guidelines are applicable to all lending related activities and to all units and respective employees, who are dealing with the financing of the legal entities. The conclusion of the ESG risks assessment is incorporated into the decision-making process and credit documentation of each customer according to the defined internal requirements. Guideline provides guidance and respective tools for assessment of the environmental, social and governance risks for new lending decisions as well as for the credit customers' regular monitoring purpose.

Bank has adopted risk-based approach in the assessment of the environmental risk for its credit customers. Main elements and tools of this evaluation are:

- Industry classification in a Green/Yellow/Red category level based on the potential impact of environmental risk;
- Transition risk heatmap of the sectors of the industries that define overall transition risk of a particular sector/subsegment based on UNEPFI (United Nations Environment Programme Finance Initiative) methodology;
- ESG assessment questionnaire to perform customer level assessment;
- Existence of the customer's mitigation/transition plan;
- If applicable financial implication assessment of the previous points to the operations of the existing or new credit customer.

The assessment of environmental risk is based on the identification and analysis of the inherent risk that is associated with the credit customer, then if needed mitigation activities are reviewed, possible financial implications assessed where applicable and conclusions drawn to assign residual risk to the customer that is considered in the decision-making process.

Social and governance risks are characteristic to companies operating in certain defined industries as well can be identified on individual company level. If the credit customer is identified as an entity that possesses high social and/or governance risks, the enhanced assessment of these risks and possible mitigation measures need to be performed. Risk based approach is maintained. Social risk assessment questioner has been developed to perform customer level evaluation.

The results of the ESG risk assessment and mitigation actions are presented in the credit documentation and is part of the credit decisioning process. If the environmental and/or social and governance risks are high, then the credit decision shall be escalated to one level higher decision-making body who make the ultimate decision.