

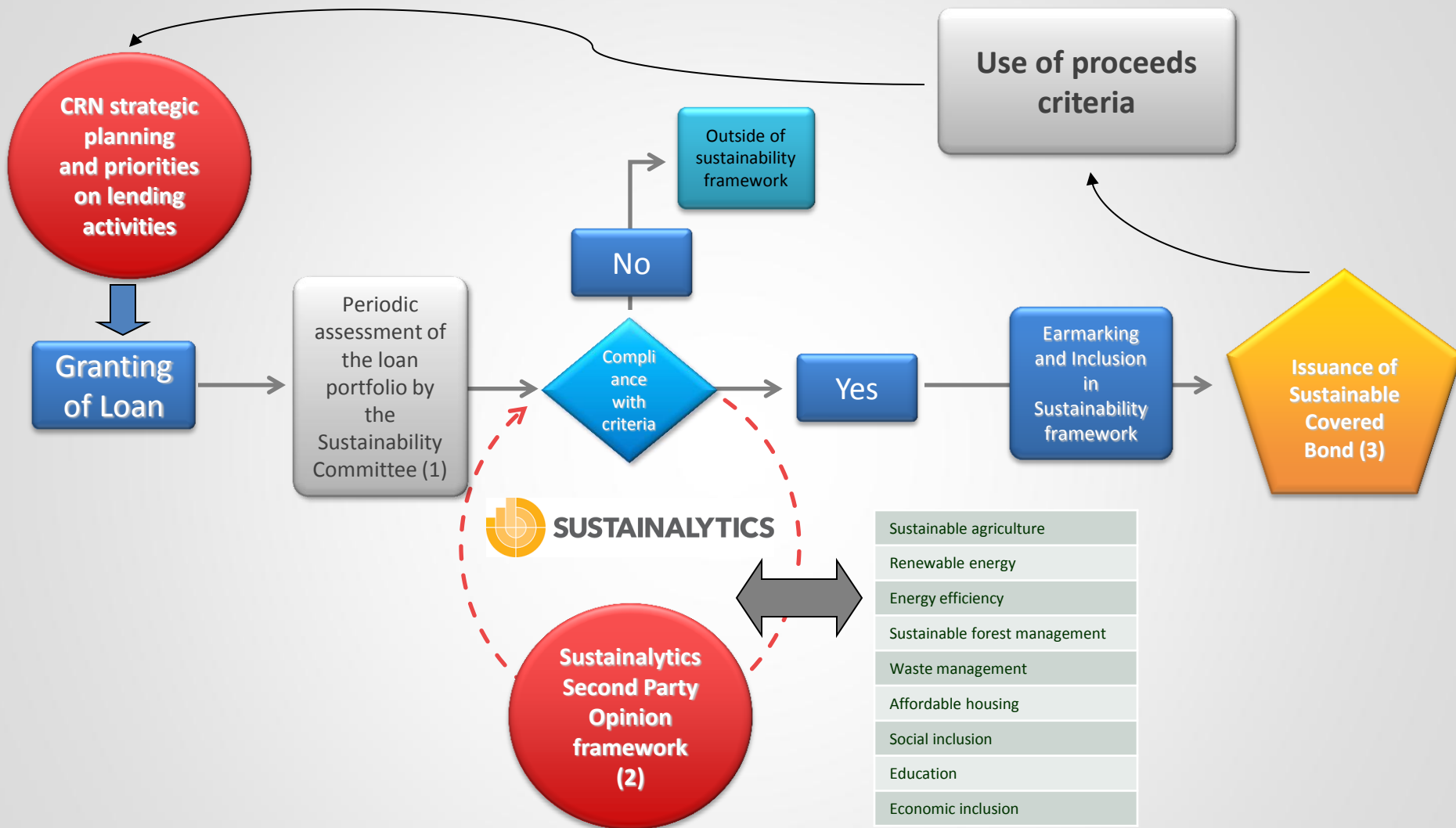
**CRN has developed a Sustainability Framework (Second opinion by Sustainalytics), which covers 9 different lines.**

The proceeds of the sustainability bond will be allocated towards lending projects or activities that meet one or more of the following eligibility criteria:



Sustainable agriculture
Renewable energy
Energy efficiency
Sustainable forest management
Interest only loans
Waste management
Affordable housing
Social inclusion
Education
Economic inclusion

# CRN Sustainability framework



- (1) Made up by members of the following departments: Credit Risk, Compliance, Housing, Corporate and Institutional clients, Primary sector clients and Treasury.
- (2) See [http://www.cajarural.com/rurales/3008/V02/acceso\\_ingles/pdf/DEF-sustainability\\_bond\\_framework\\_and\\_opinion\\_cajardnv.pdf](http://www.cajarural.com/rurales/3008/V02/acceso_ingles/pdf/DEF-sustainability_bond_framework_and_opinion_cajardnv.pdf)
- (3) Outstanding amount of Sustainable Covered Bonds limited to the size of the Sustainable loans book.

## Assessment of main improvements needed to impulse the objectives of the **EMF-ECBC Energy Efficient Mortgages Action Plan**:

- Lack of harmonisation limits the ability of the Sustainability Committee to detect existing “Energy efficiency” mortgages within our loan portfolio. [at the internal assessment point of time]
- Lack of understanding (and of market practices) on what “EE mortgages” are, both by clients and banks, hinders the growth and appropriate (lower) pricing of “EE mortgages” [at the granting point of time].
- Granularity and small size of most retail mortgages makes the economic and time investment needed more difficult to afford unless a standard and harmonised framework exists. [at the internal assessment and earmarking point of time]
- More client education is needed on the financial and environmental advantages of Energy Efficiency.
- If PDs and LGDs are lower, a reduction in capital charges would be a key driver for volumes and also for pricing.

- Currently, due to the limits to existing information and other pending issues explained before, a relevant amount of our mortgages cannot be identified as 'Energy efficient'
- We do believe that our current Sustainability Framework could be highly enlarged (both qualitatively and quantitatively) from the inclusion of Energy Efficiency Mortgages .
- We expect EeMAP to be able to move forward by reaching a common agreement among all stakeholders (including consumer associations, banks, construction firms, surveyors and policy makers) that can deploy new investment and finance to Energy Efficiency residential and commercial developments.



- CRN is a cooperative, retail and regional bank.
- We are by nature committed to the sustainable economic and social development of our Region.
- Few other projects such as Energy Efficiency can improve the environment while creating real-economy jobs and serving the quality of life of citizens.
- Banks should be involved in such a project. It is a great opportunity to serve our communities while proving the role of financial institutions in financing the real economy and putting savings to work in the broad benefit of society. Let us get engaged !

