

SpareBank 1 Boligkreditt



Covered Bond Issuer
February 2023

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SpareBank 1 Alliance Banks – local presence and national integration

The Alliance was founded in 1996 and consist today of 13 banks



SpareBank 1 Nord Norge (1836)
Tromsø
Moody's: Aa3



SpareBank 1 SMN (1823)
Trondheim
Moody's: A1. positive outlook



+9 further banks

SpareBank 1 Østlandet (1845)
Hamar
Moody's: Aa3



SpareBank 1 SR (1839)
Stavanger
Moody's: A1

SpareBank 1 Sør-Øst (1844)
Sandefjord
Moody's: A2, positive outlook



SPAREBANK 1 ALLIANCE BANKS

Banks in Norway



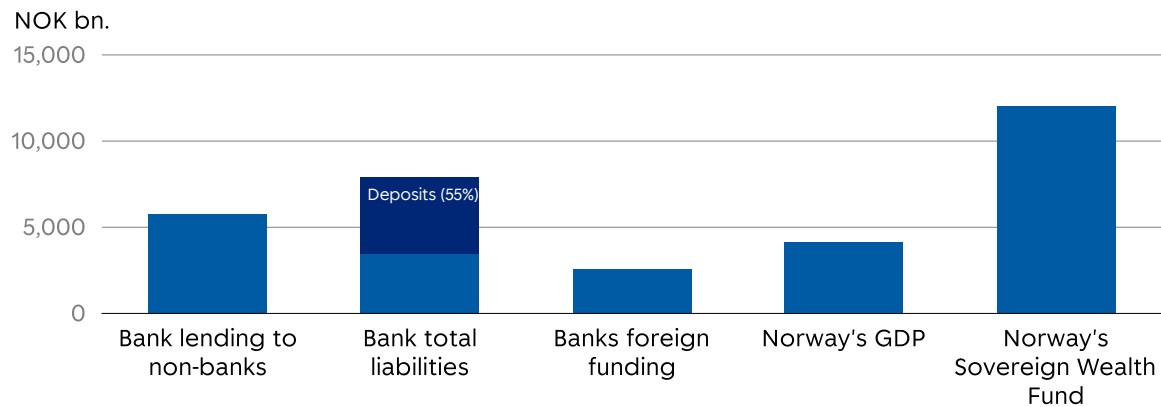
Savings banks (generic name: *Sparebank*)
92 Banks (2020-2021 ↘), 2 alliances/groups
and independent banks



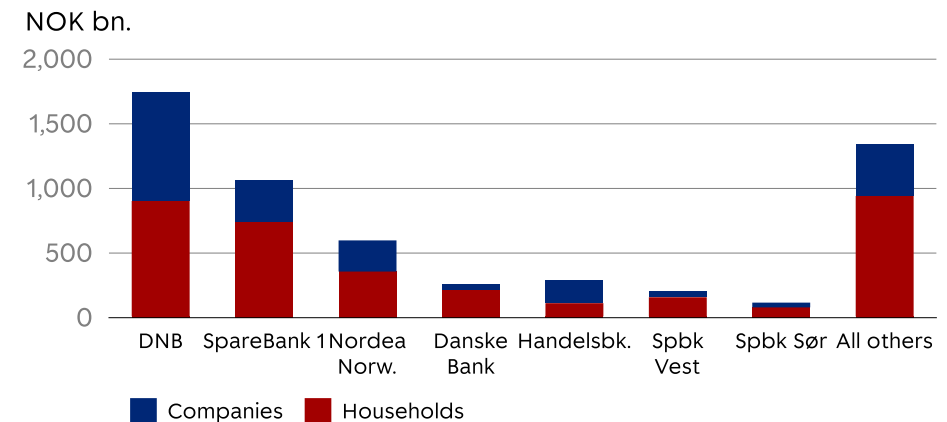
Commercial banks: larger Nordic banking
Groups but also smaller banks

- Banks compete for the same customer base, but with larger commercial banks focusing on larger corporations
- A savings bank's strength sits in its local or regional market and in the household and SME sector

Banking sector relative size

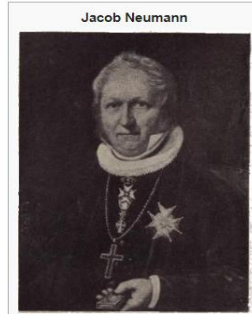


Largest banks by lending volume (2021)

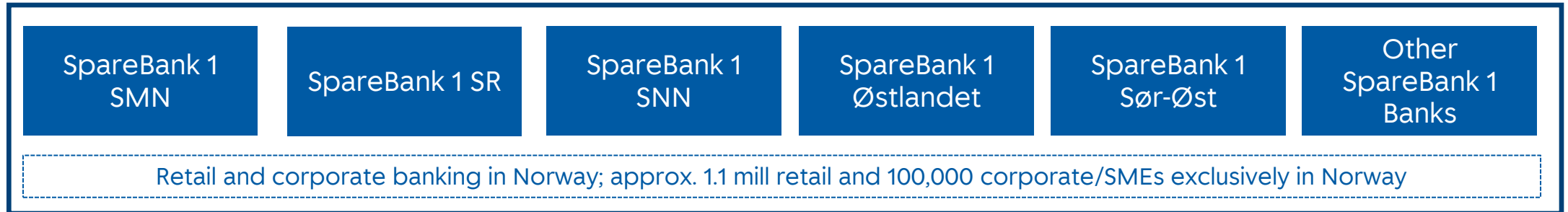


Norwegian savings banks - characteristics

- ▶ Norway's first type of bank, founded in the 1820ies, retains local and regional character
- ▶ Universal banks, but domestic lending only, concentrate on residential mortgage lending
- ▶ Savings banks are self-owned institutions, as well as investor owned
- ▶ All larger savings banks' equity (capital certificates) are listed on the Oslo stock exchange
- ▶ Share of profits provided as gift annually (society dividend) based on the bank's self-owned share of capital



SpareBank 1 Alliance overview



- SpareBank 1 Group Holding Co.**
- **Product companies**
(Products are marketed/distributed through the banks):
Insurance, Investments funds, factoring, payments, other



- SpareBank 1 Development Holding Co.**
- **Business operations** and improvements, drives “economies of scale” for the banks**
 - SpareBank 1 Real Estate (Norway’s largest real estate broker)

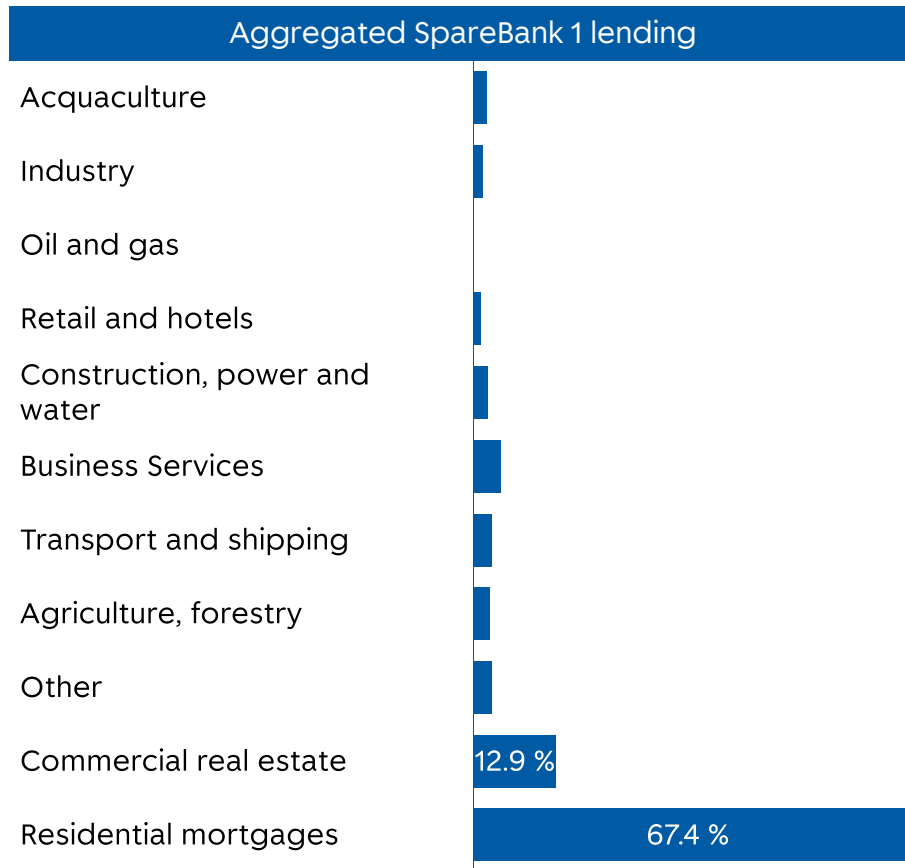


- Direct operating subsidiaries**
- **SpareBank 1 Boligkreditt**
(Covered Bonds – Residential pool)*
 - SpareBank 1 Naeringskreditt (Covered Bonds – commercial pool)
 - BN Bank, SpareBank 1 Markets, others

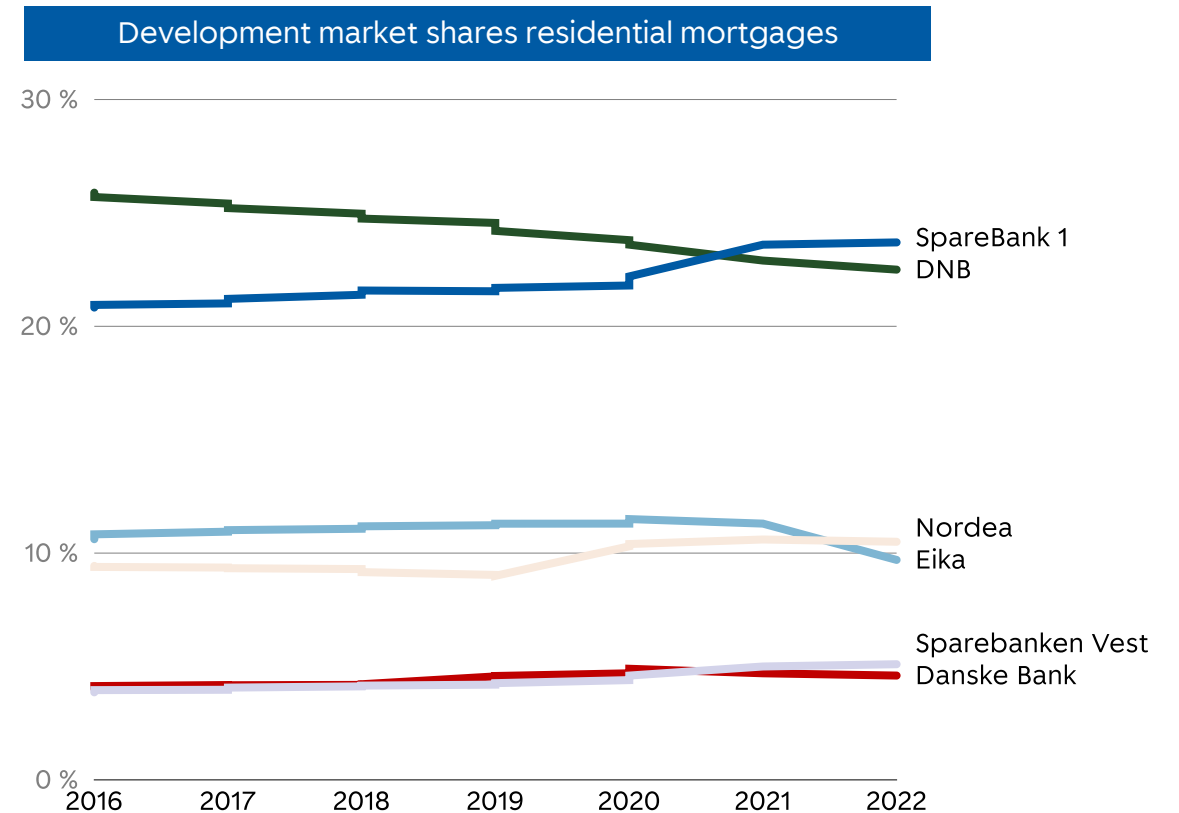
* SpareBank 1 SR-Bank is not an owner of SpaBol

** Marketing and distribution, Procurement, credit risk models, IT systems, business development

Balance Sheet and Market Share



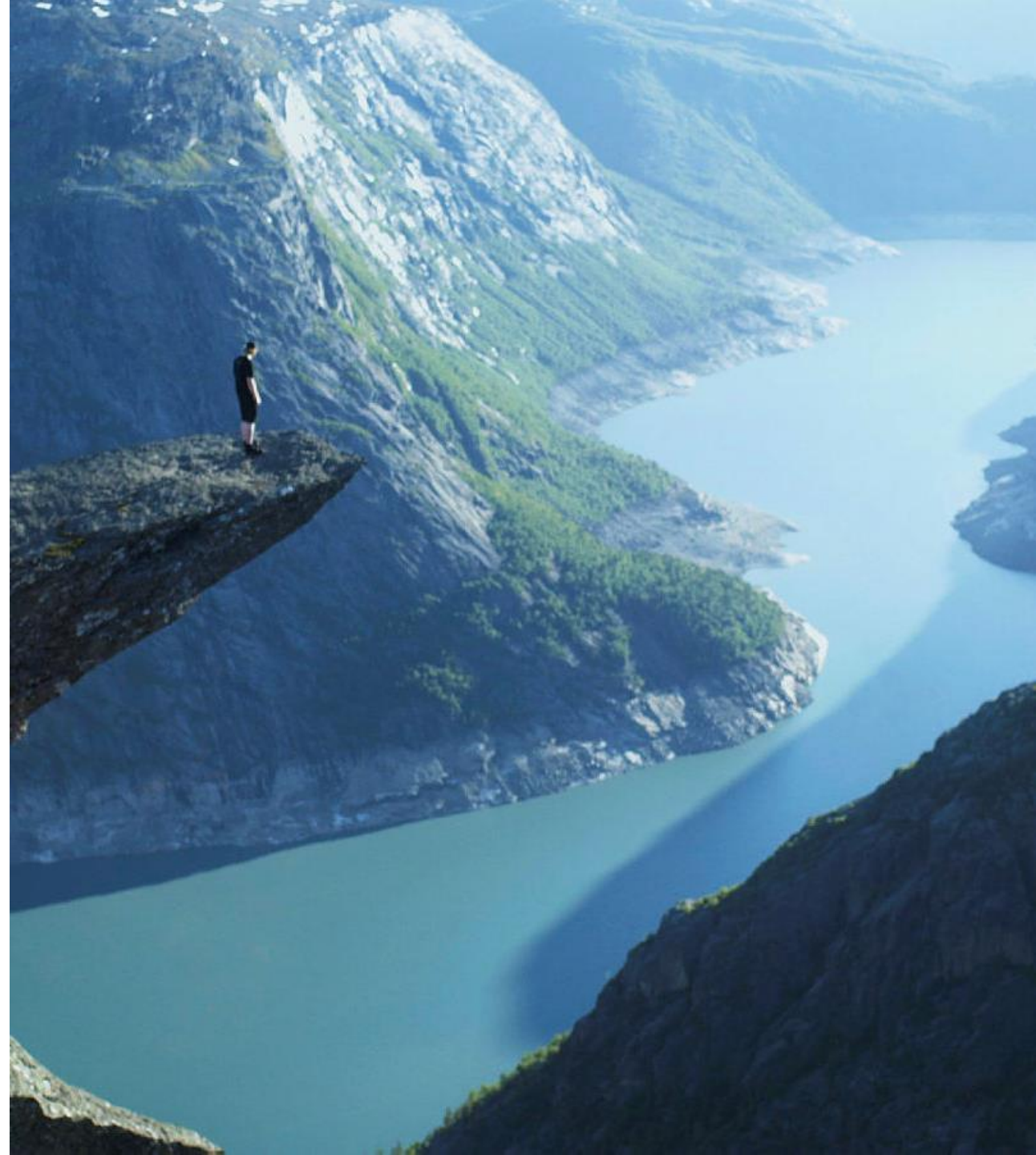
Source: SpareBank 1 Banks financial reporting



Source: Eiendomsverdi (number of financed properties/mortgages as of Q3 2022), not inclusive of Sbanken acquisition by DNB 2022.

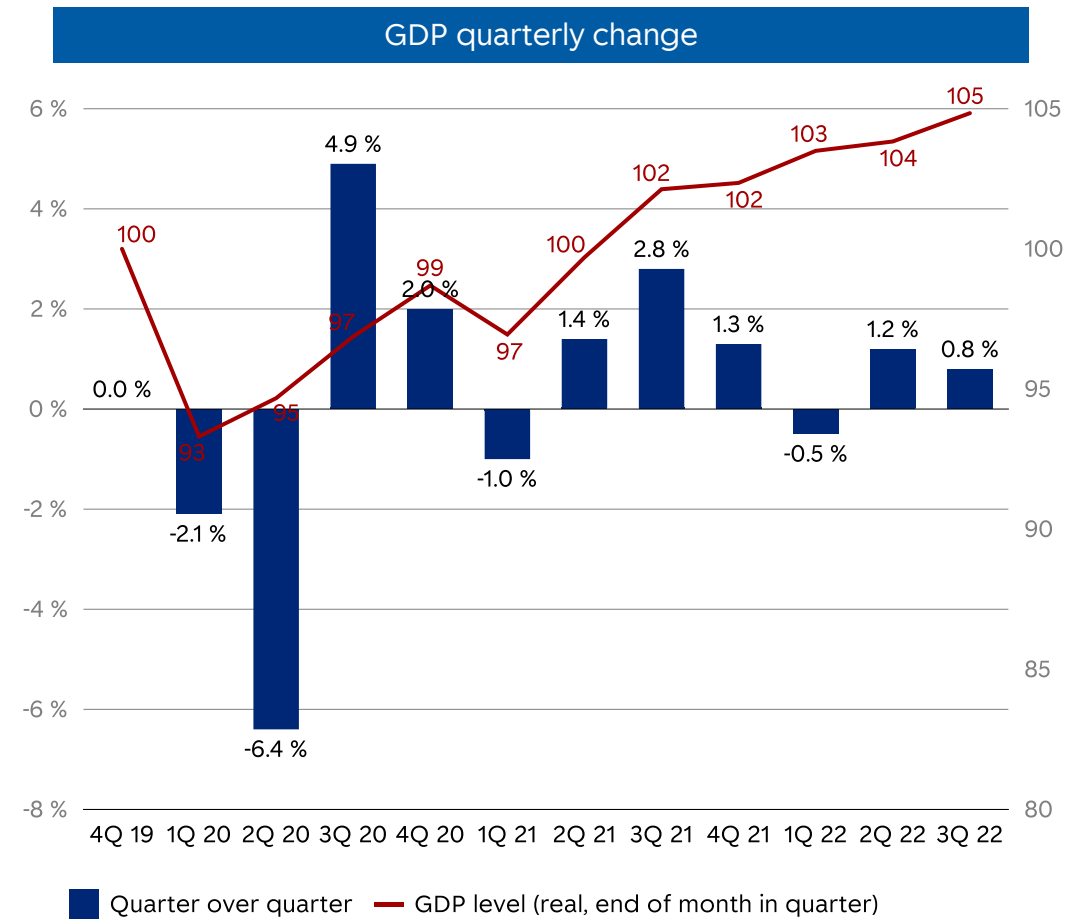
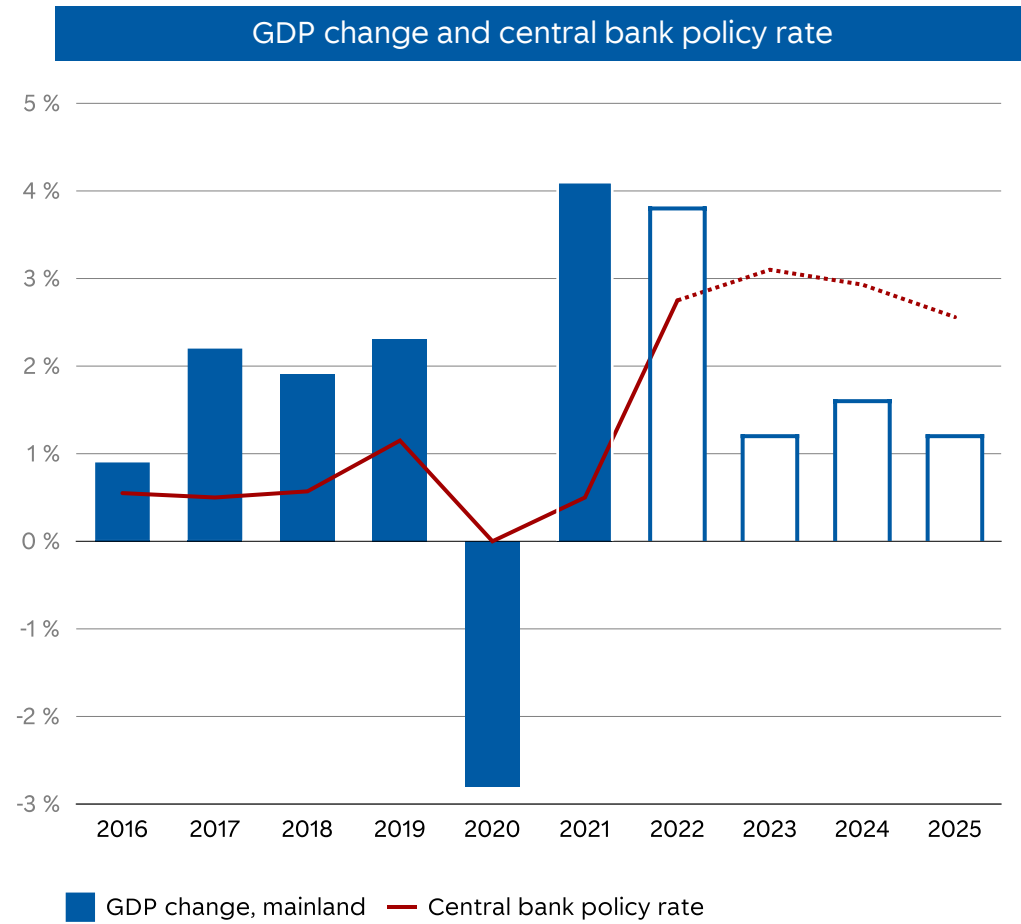
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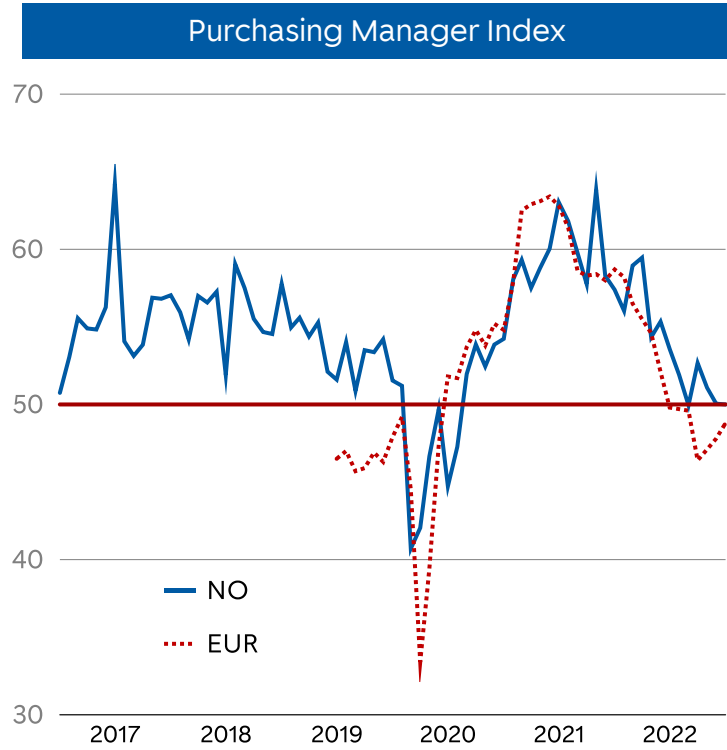
MACROECONOMIC OVERVIEW

GDP Change

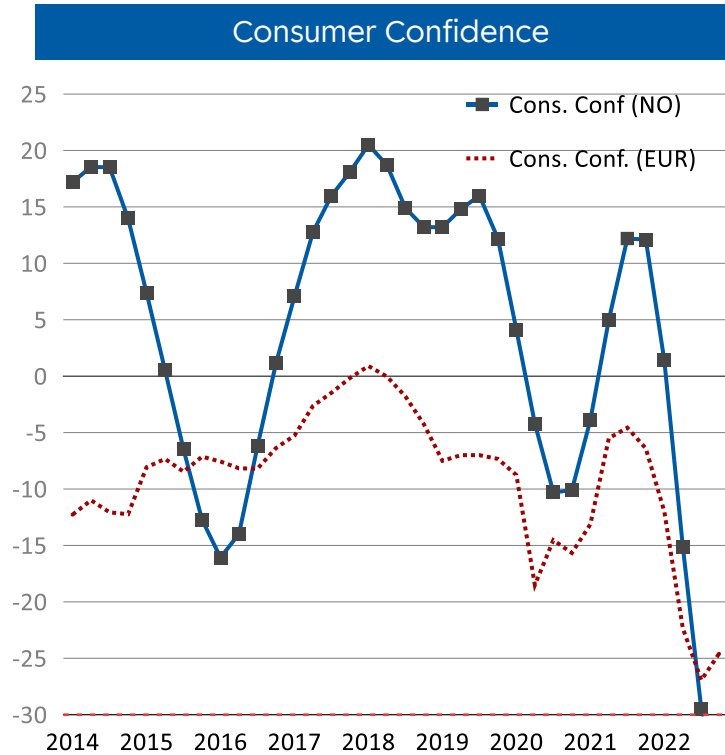


MAKROECONOMIC OVERVIEW

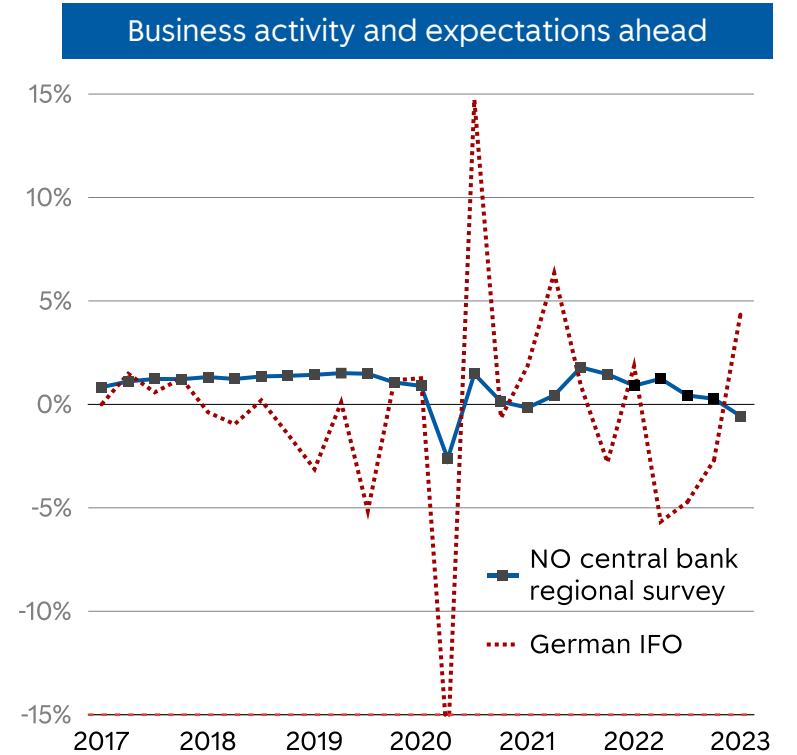
Outlook Indicators



- The PMI index reflects current production, new orders, employment, delivery time and goods in storage



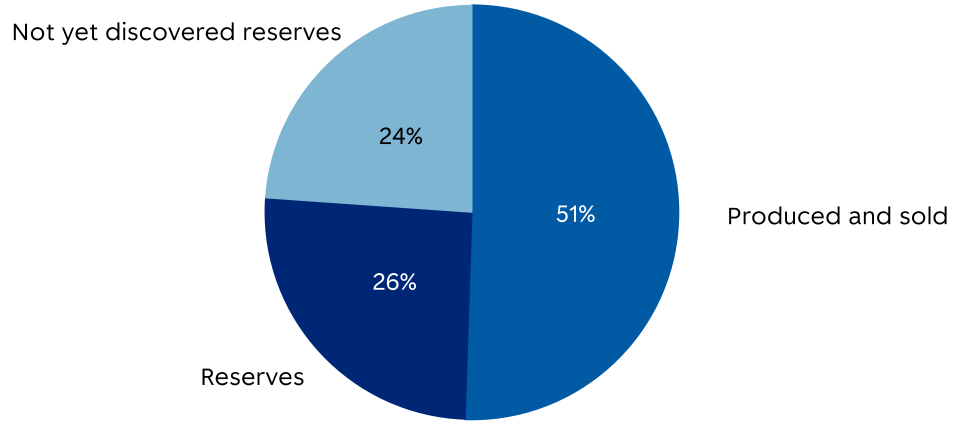
- Consumer confidence reflecting quarterly household financial expectations (for themselves and the country) over the next 12 months



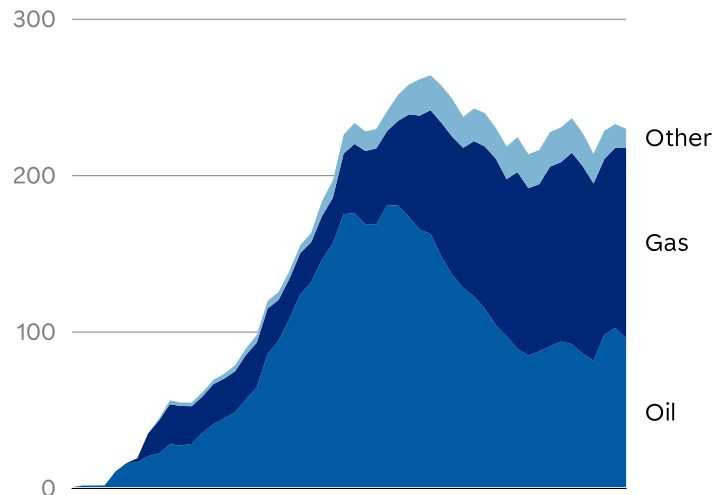
- The Norwegian CB business survey reflects activity and expectations of growth 6 months ahead. The IFO business climate index is the key early indicator for German industry

Energy

Norwegian oil and gas resources



Norwegian production in million Sm3 Oil equivalents



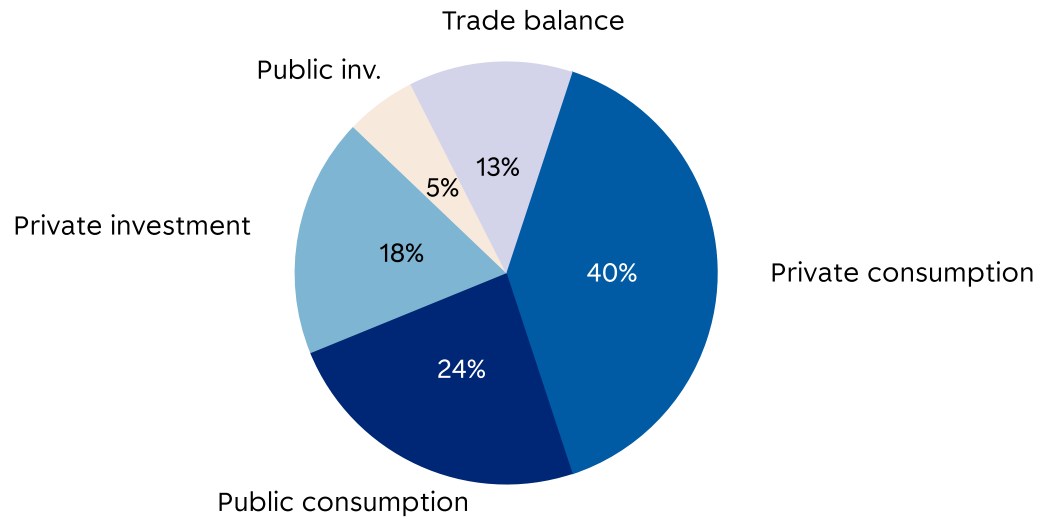
Renewable Energy Export



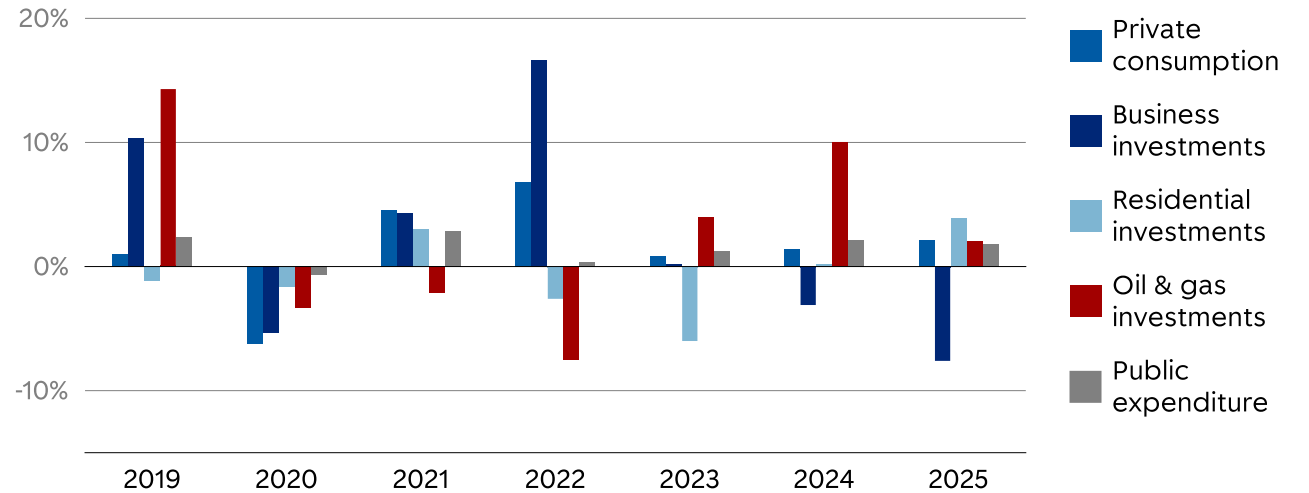
MACROECONOMIC OVERVIEW

GDP Components

BIP by expenditure, 2021

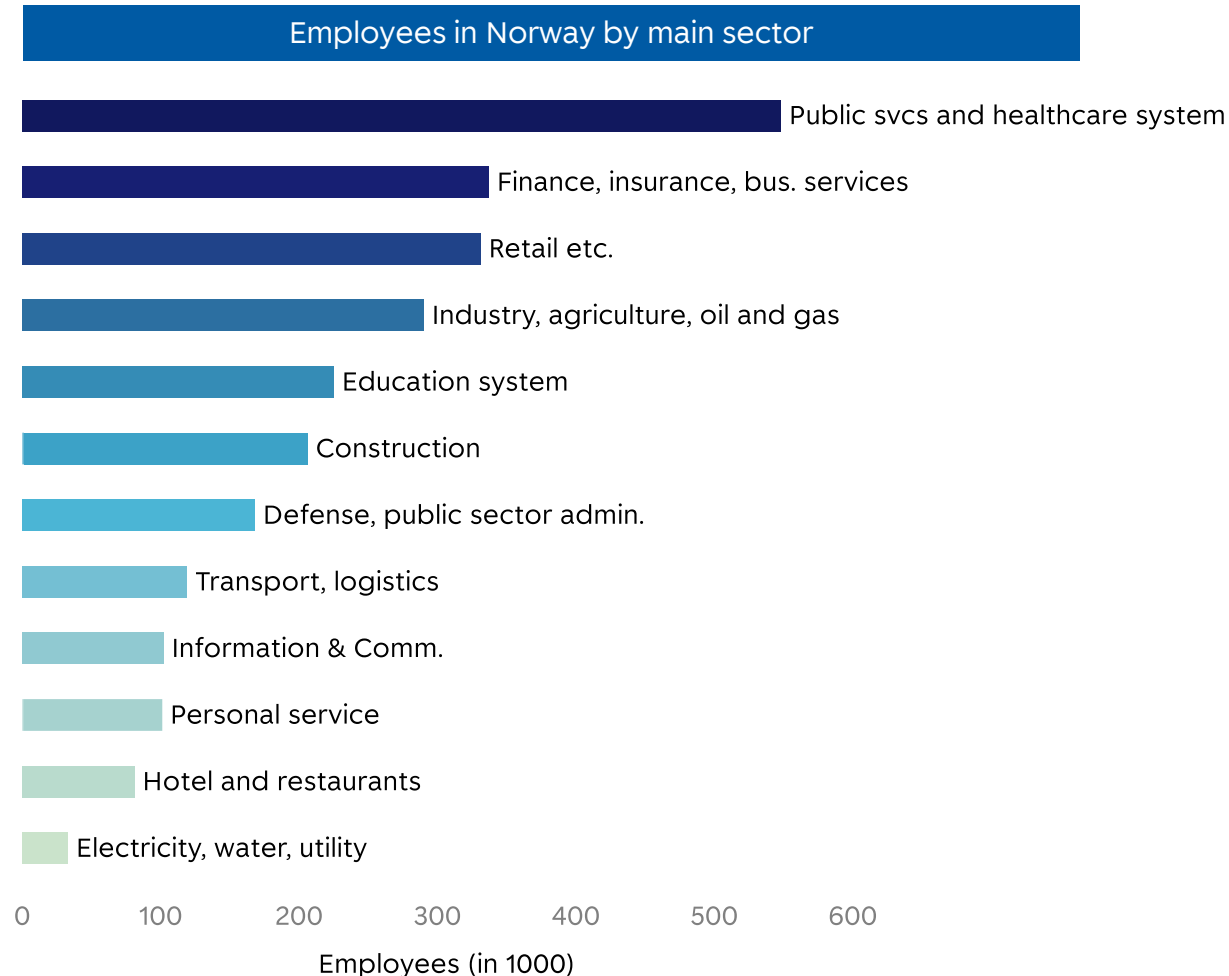
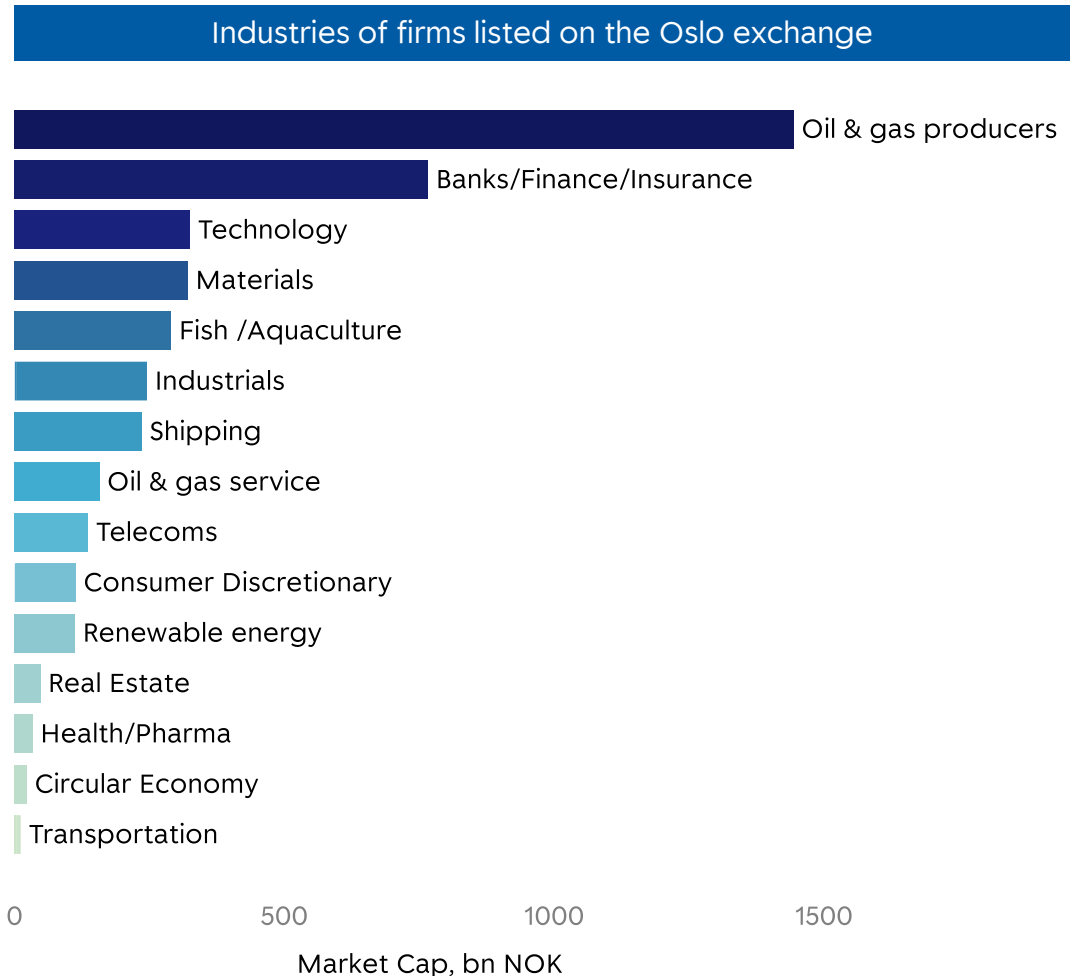


Per cent change in selected GDP components and forecast



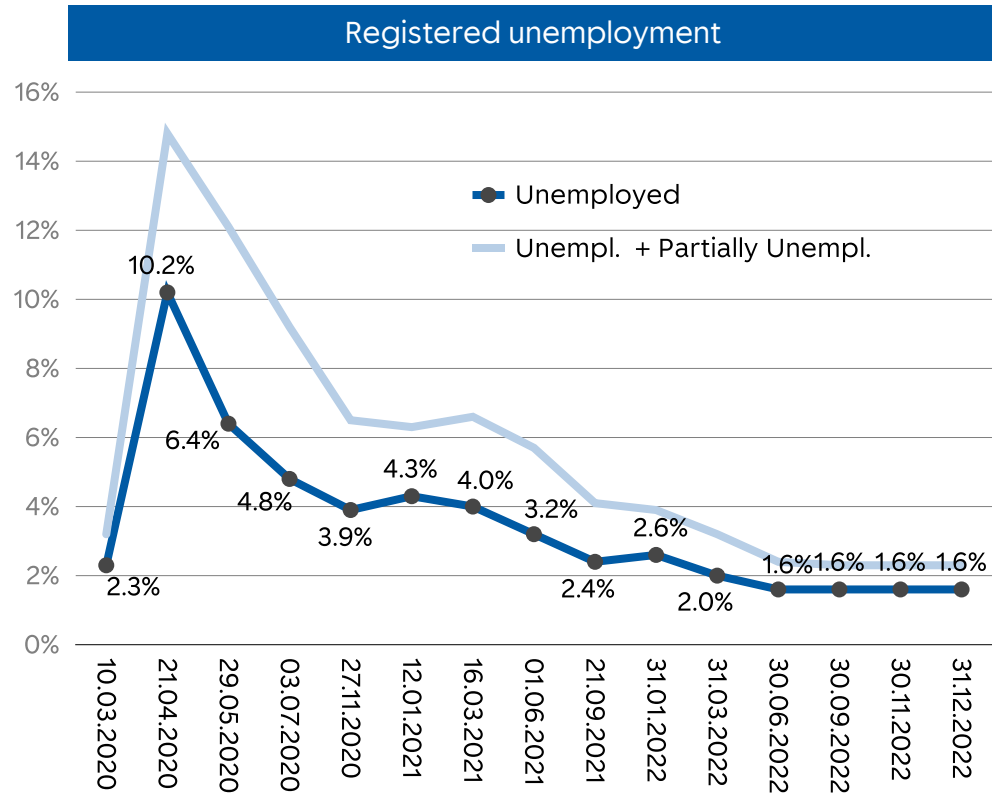
- Oil and gas investments at 15-20% of all investments have large swings which are related to energy markets dynamics and project pipelines as well as special sector tax rules. These are expected to grow following the European energy crisis in 2022
- Gross capital formation in Norway is relatively high; important for productivity growth potential

Norwegian Exchange listed companies and employees by sector

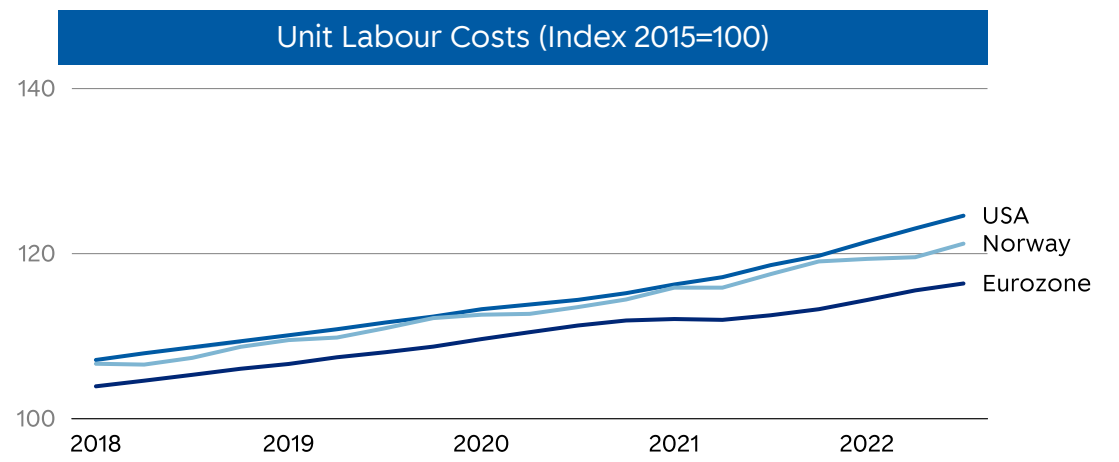
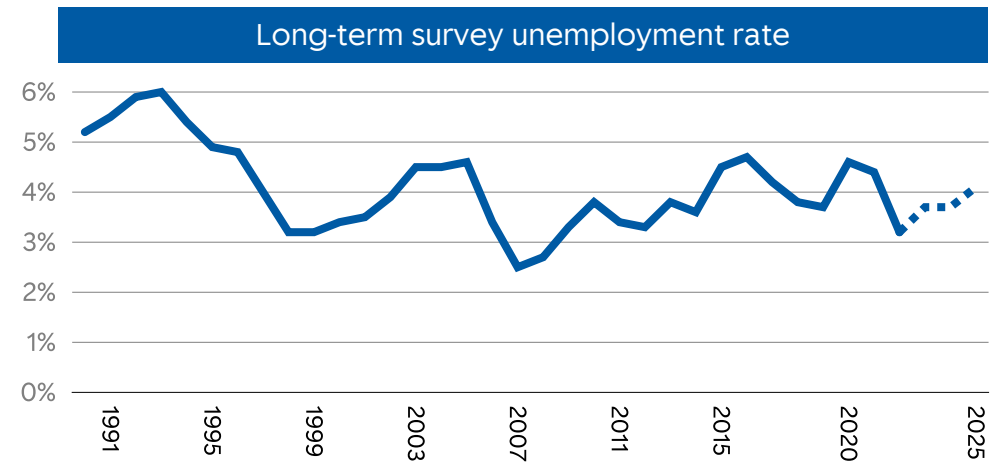


MACROECONOMIC OVERVIEW

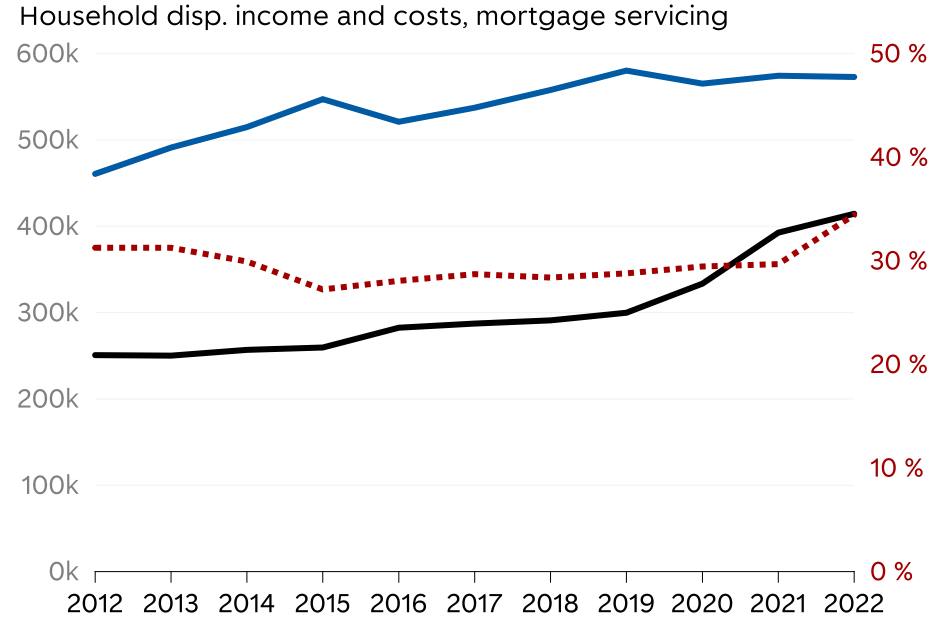
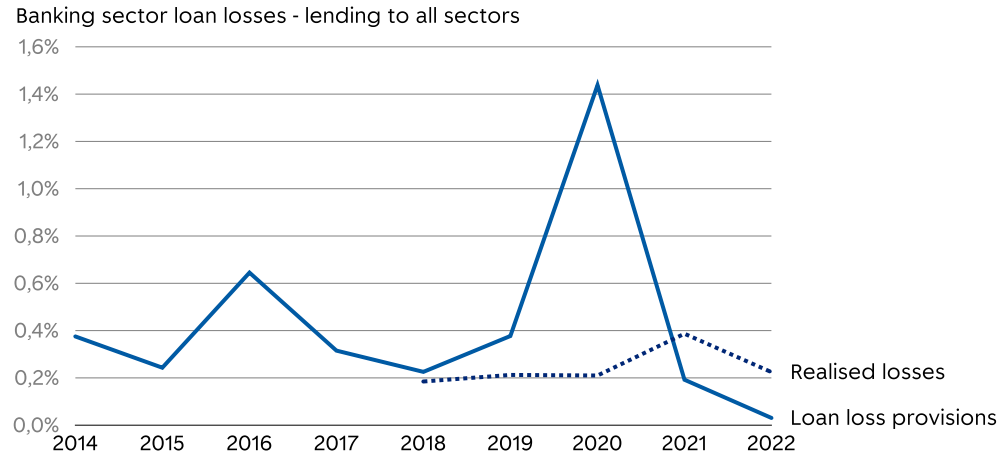
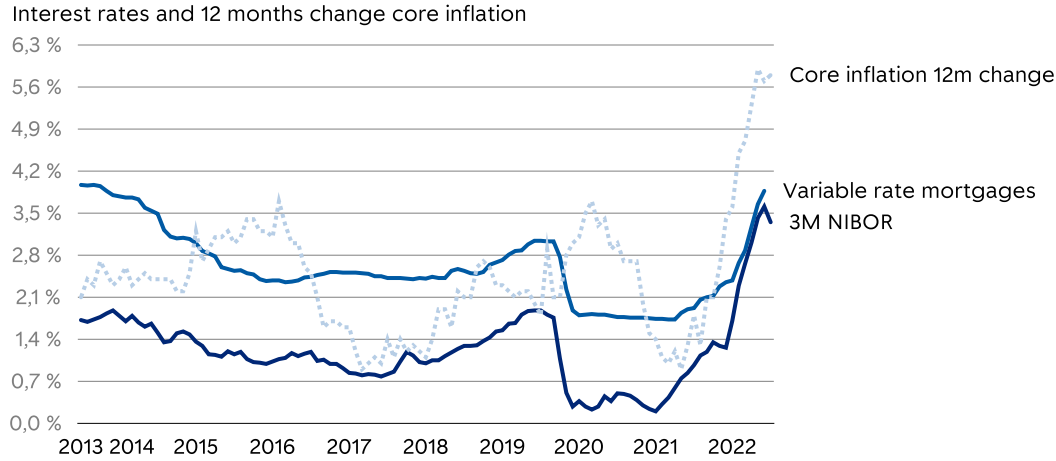
Labour Market



- The peak in the survey unemployment rate happened during the recession of the early 1990ies, while the oil price decline in 2014-16 and the covid pandemic caused recent tops



Interest rates, credit losses & mortgage affordability

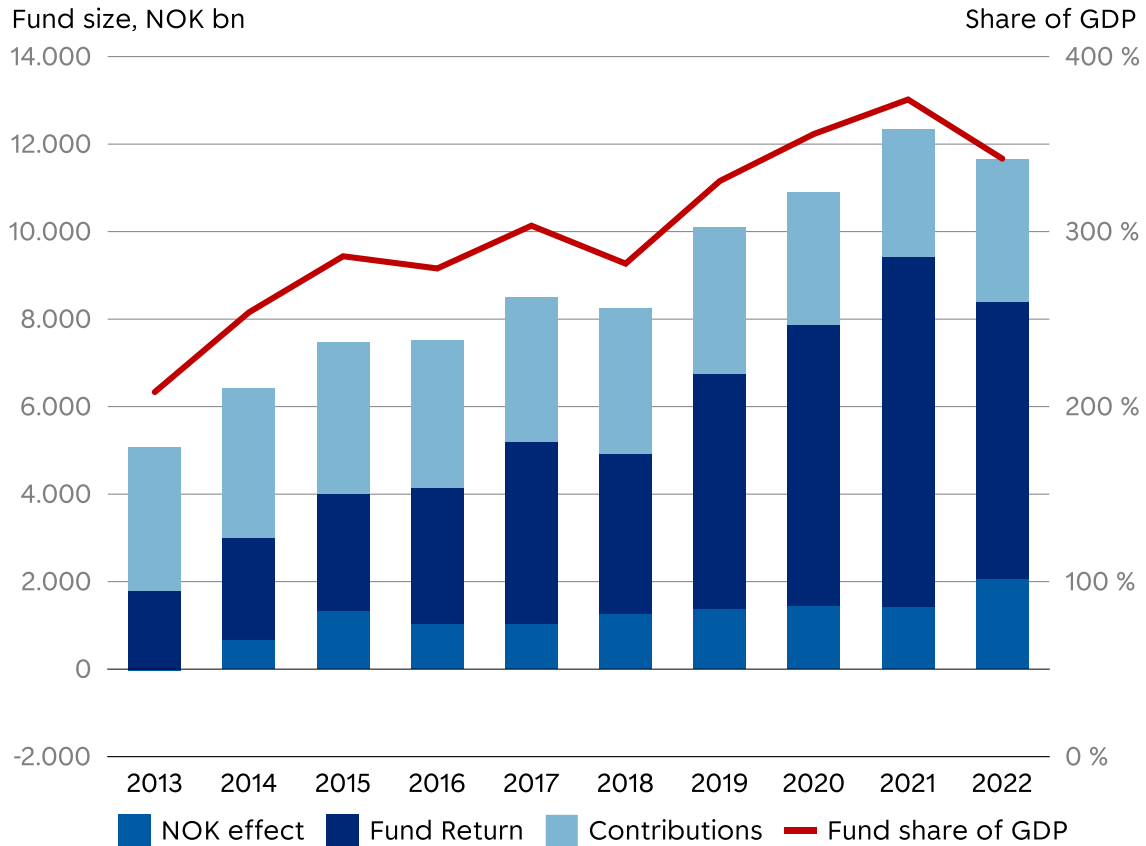


- Share of net disposable income for mortgage servicing (rhs)
- Average net disposable income after tax and necessities (lhs)
- Model (SIFO) cost of necessities family of 4 (lhs)

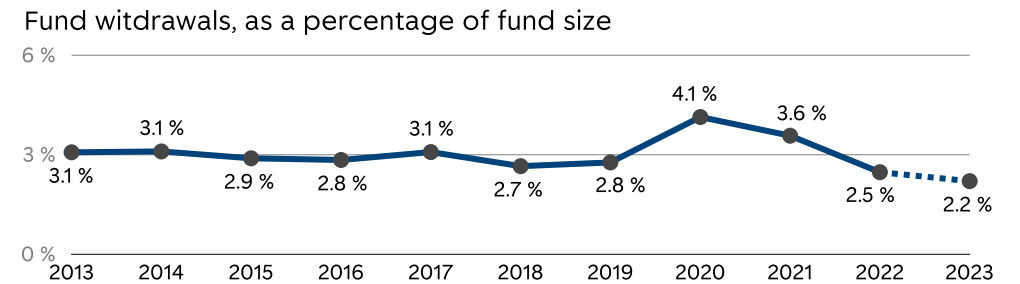
• mortgage servicing is modelled based on 85% LTV of median house, 25 years repayment, with average annual variable mortgage rates

MACROECONOMIC OVERVIEW

Sovereign Wealth Fund



• **The spending rule:** The gov. budget's non-oil & gas fiscal deficit may be max. 3% of the fund's size – financed by the fund



Considering the **combined government surplus + fund income** (interest, dividend), a deficit occurs in 2020 (Covid19 related)

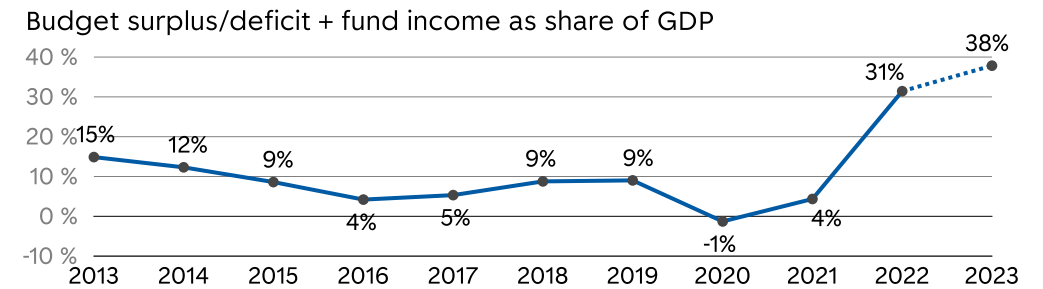
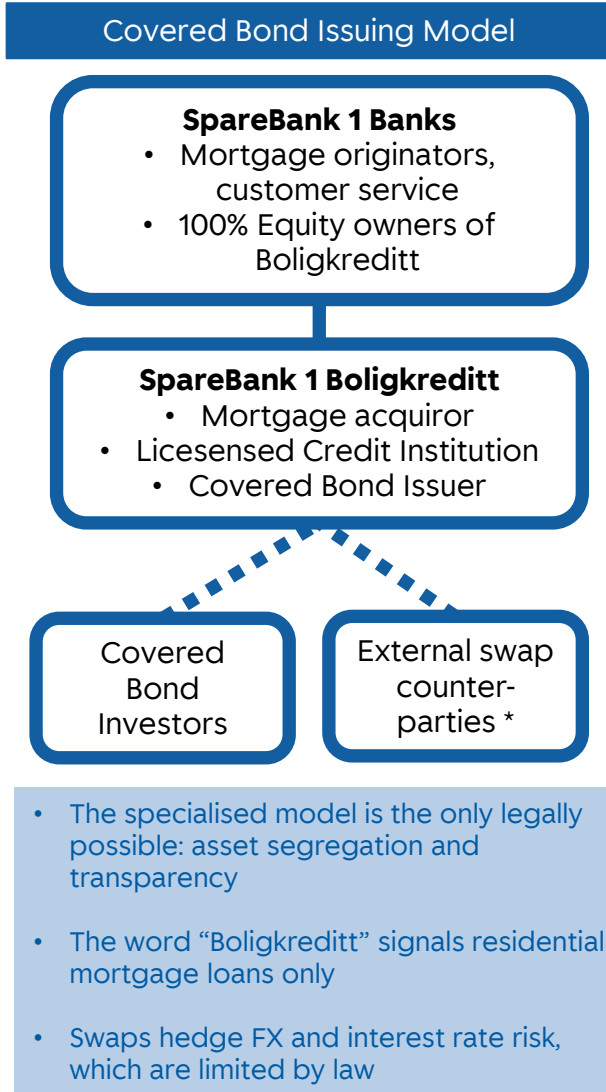


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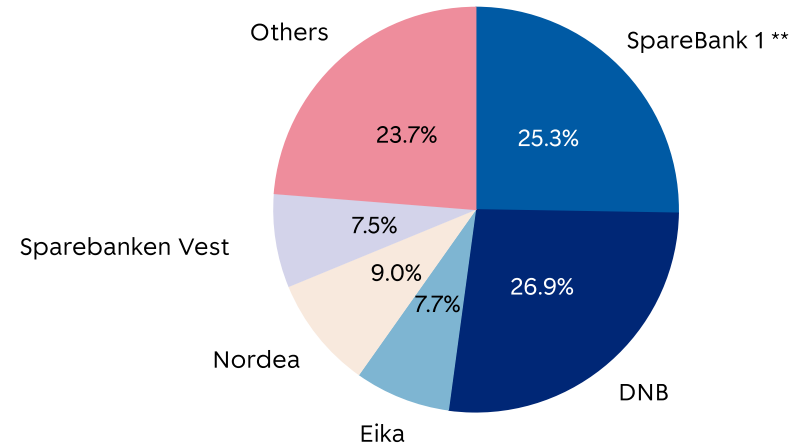
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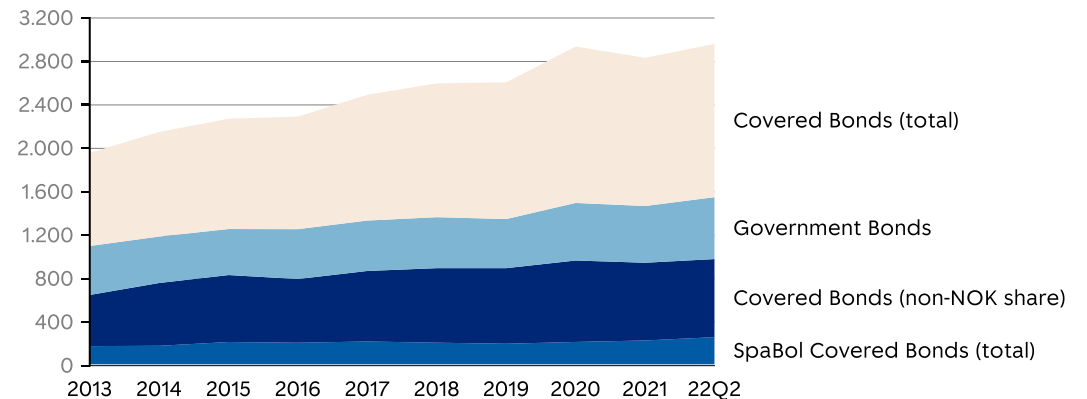
Specialized credit institution



Norwegian issuers Covered bonds, all currencies, Q2 2022



Market size, all bonds outstanding by category (NOK bn)



* Policy of only swapping with highly rated external bank counterparties

** includes SpareBank 1 SR Bank

Harmonization of covered bonds

EU Regulatory Framework:

Covered Bonds Directive

Directive (EU) 2019/2162

& Capital Requirements Directive

Art. 129 defines preferential risk weights and eligible assets for Covered Bonds

BRRD

Covered Bonds are excluded from bail in

EMIR

The regulation define specific treatment of cover pool derivatives

LCR Delegated Act

Defines Covered Bonds as liquid assets Level 1 or 2

Solvency II

Delegated Act – capital requirements for insurance investments in Covered Bonds

Norwegian Covered Bonds framework:

- **All of the EU Regulatory Framework in effect**
 - The Covered Bond Directive (harmonization Directive) became effective in Norway from July 2022
 - Key points from the Norwegian harmonised Covered Bond framework:
 - **Cover Pool:** CRR Art. 129 defines eligible assets. In practice cover pools with only residential mortgages (separate public sector and commercial pools exist)
 - **Asset valuation:** maximum prudent market value, documented individual assessment by independent person or by statistical models (for residential real estate) **Max LTV:** up to 80%
 - **Rate and currency risk:** limited
 - **Derivatives:** only for hedging rate and currency risks and with counterparties rated risk class 1 or 2
 - **Liquidity buffer:** 180 days net cash outflows covered, may be calibrated on extended maturity
 - **Soft bullet:** Extended maturity of up to 12 months possible with approval from the FSA following from the prospect of an imminent liquidity crisis which would likely not be otherwise solved
 - **Overcollateralization:** 5%
 - **Registry:** detailed requirements **Cover pool monitor:** in place, checks registry quarterly with annual reporting to the FSA
 - **Investor reporting/transparency:** required, details as in HTT
- **SpaBol** issues **EU Covered Bonds (Premium)** from July 2022

Rating and cover pool

Covered Bond Rating

SpareBank 1 Banks
Aa3 / A1 Senior
Ratings



SpaBol Issuer Rating
A2 &
A1 Covered Bond
Anchor



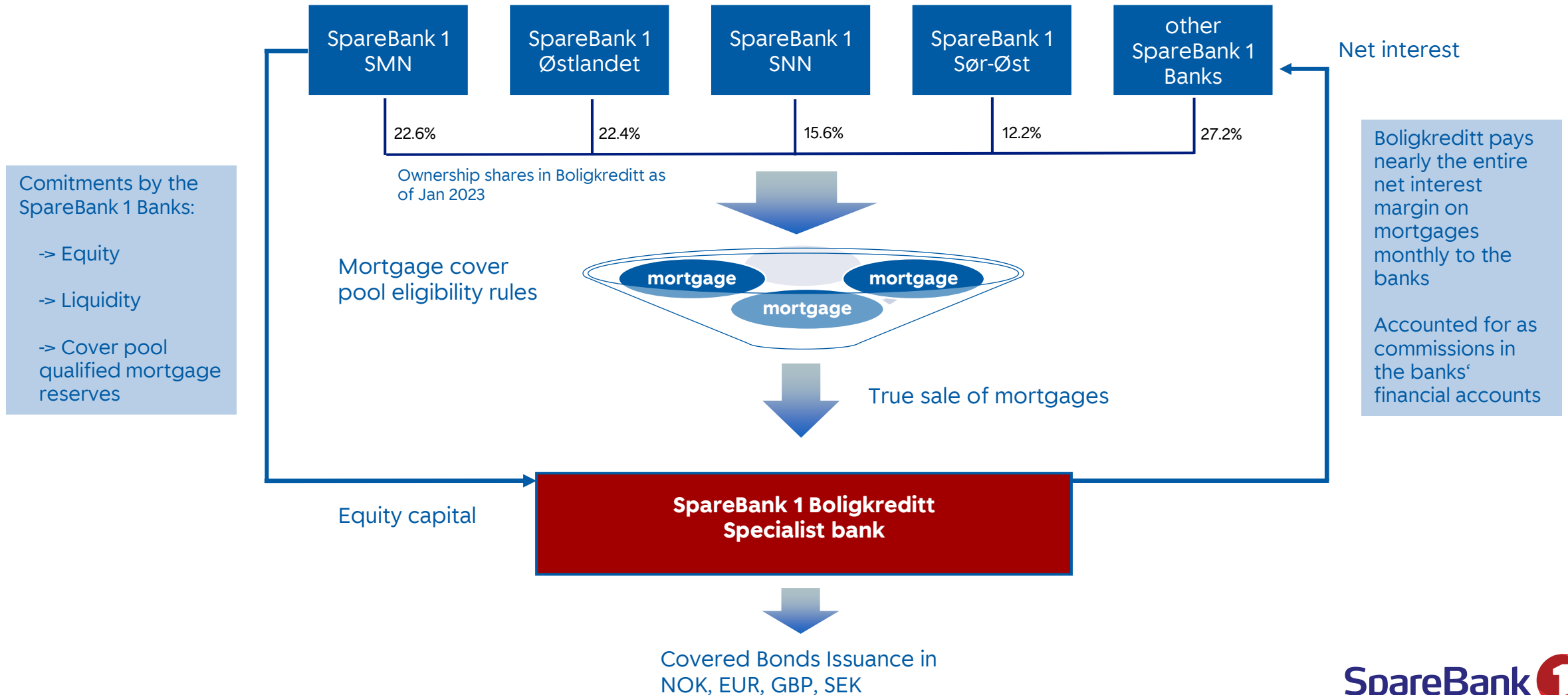
SpaBol **Aaa** Moody's
Covered Bond
Rating
(since 2007)

- 3 notches of buffer in the Aaa rating
- cover pool assets, legal framework, and market risk hedging policies influence the buffer

SpareBank 1 Boligkreditt Cover Pool Overview Q4 2022

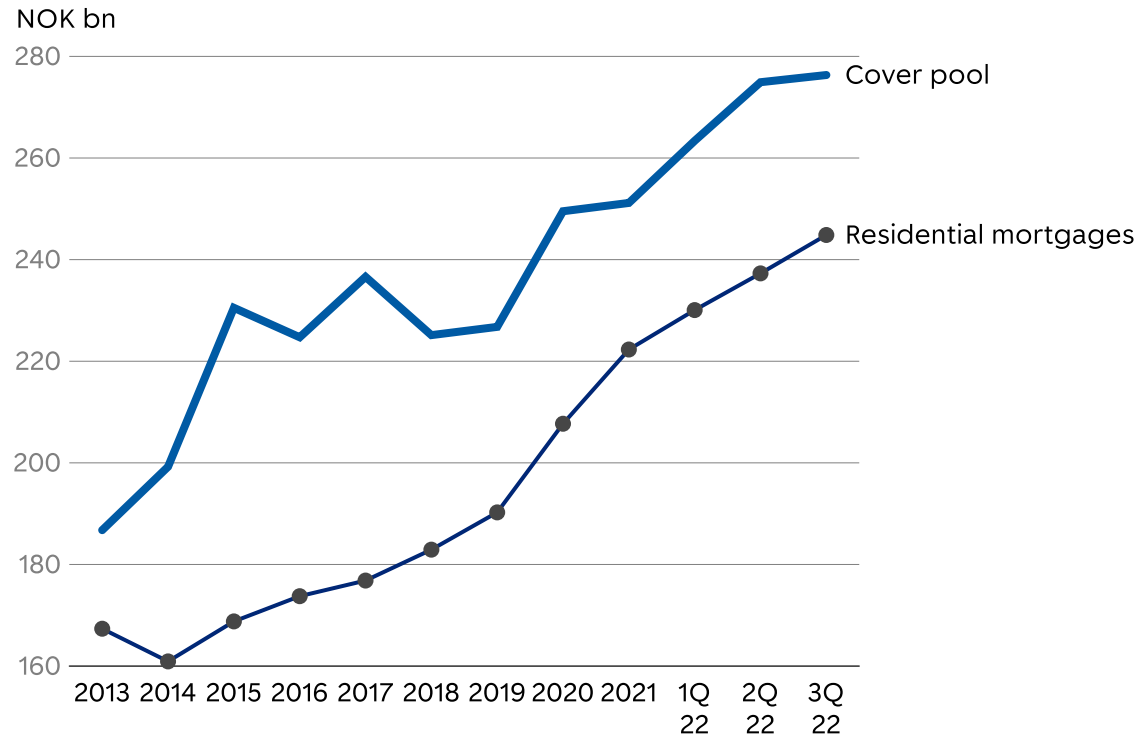
Assets	Norwegian private residential mortgages for all types of residences
Number of mortgages	148,328 mortgage with a weighted average interest rate of 3.0%
Average mortgage size	NOK 1.7 mill (EUR 170,000)
Total balance mortgages	NOK 252 bn
Weighted average LTV	49.2%
Cover pool consists of	NOK 282 bn; Residential mortgages 89%, liquid assets 11%

Structure and mortgage loans transfer



Cover pool development and SpaBol P&L

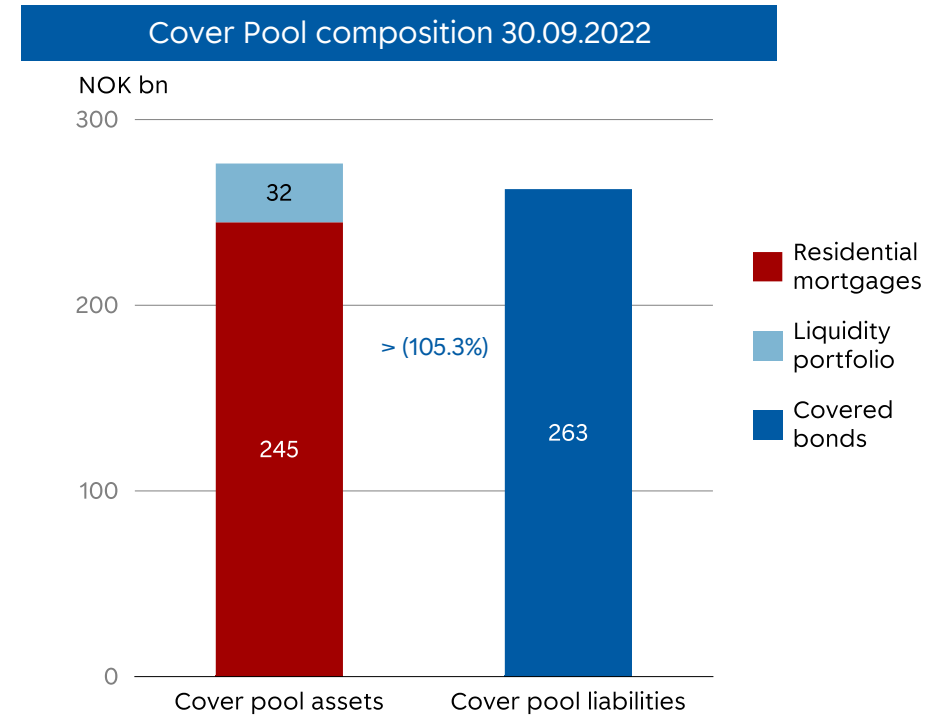
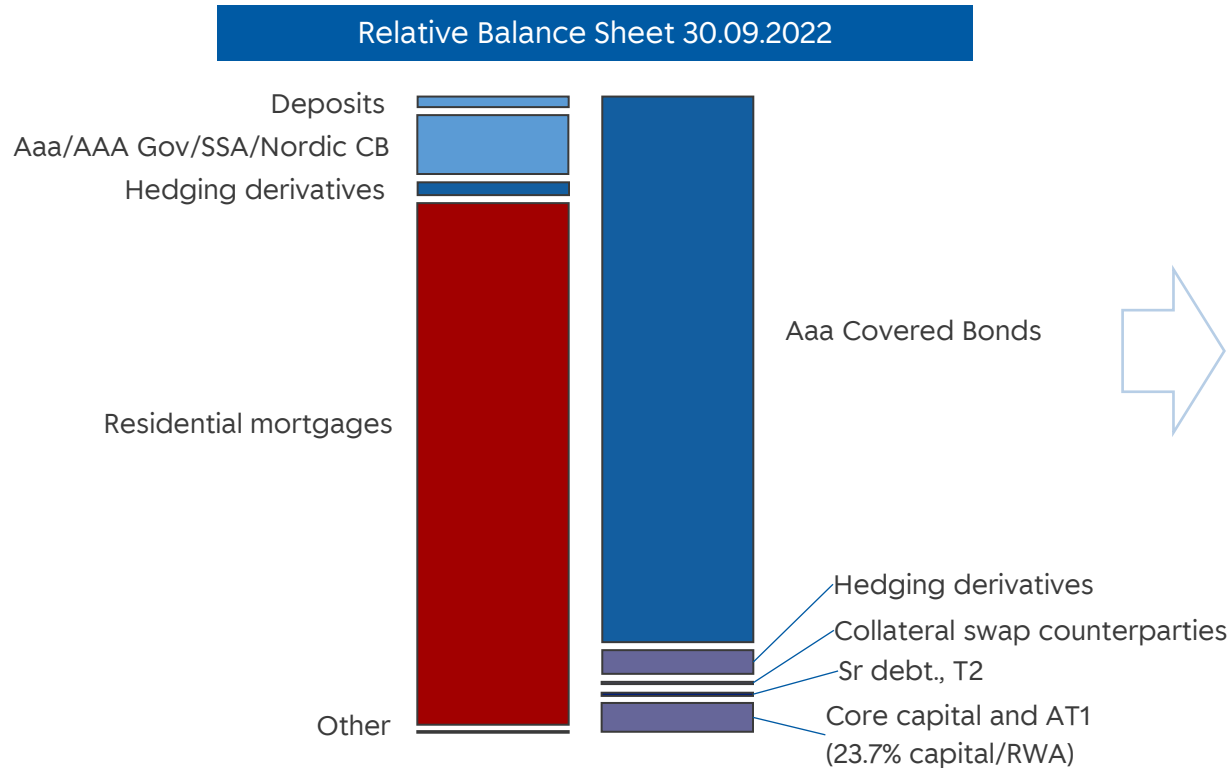
Boligkredit's mortgages and cover pool



Boligkredit P&L

	01.01.2022 30.09.2022	01.01.2021 30.09.2021
NOK 1 000		
Total interest income	4,654,929	3,208,897
Total interest expenses	-3,304,662	-1,419,148
Net interest income	1,350,267	1,789,748
→ Commissions to SpareBank 1	-1,078,093	-1,606,495
Net commission income	-1,078,093	-1,606,495
Net gains/losses from financial	-193,345	-31,151
Net other operating income	-193,345	-31,151
Total operating income	78,829	152,102
Salaries and other ordinary personnel	-10,274	-9,552
Other operating expenses	-20,135	-22,007
Total operating expenses	-30,409	-31,559
Operating result before loan losses	48,420	120,542
→ Loan loss provisions	-7,799	13,314
Pre-tax operating result	40,621	133,857
Taxes	-3,201	-27,035
Profit/(loss) for the period	37,420	106,822

Balance sheet and cover pool

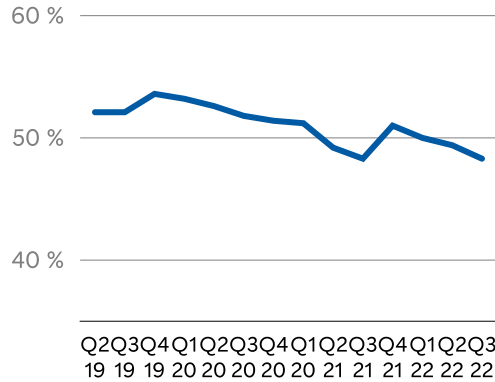


- Liquid assets are held according to **liquidity rules** and to manage refinance risk; minimum liquidity is 180 days of upcoming maturities and planned outflows. Liquidity amounts also consist of collateral received from swap counterparties
- Issued covered bonds are **Soft-bullet with objective triggers as per harmonized EU Covered Bond Directive**, but managed to the expected maturity date (Liquidity requirement based on expected maturity date of bonds, leading to an actual liquidity reserve)
- The regulatory requirement for **overcollateralization** is 5% (from July 2022), and Moody's requirement is 2.5%
- Cover pool composition presentation follows a nominal (par value) principle

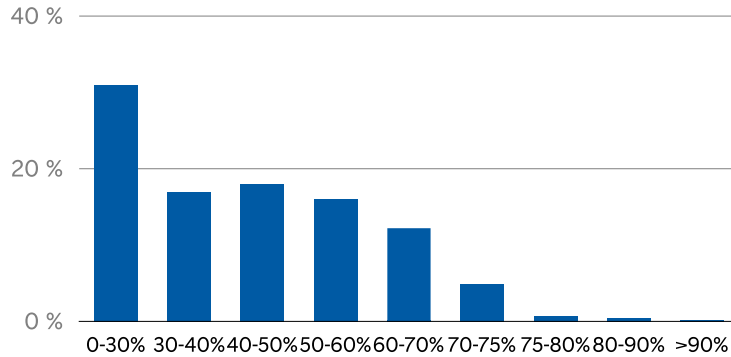
Cover pool mortgages of high quality

Mortgages current average loan-to-value

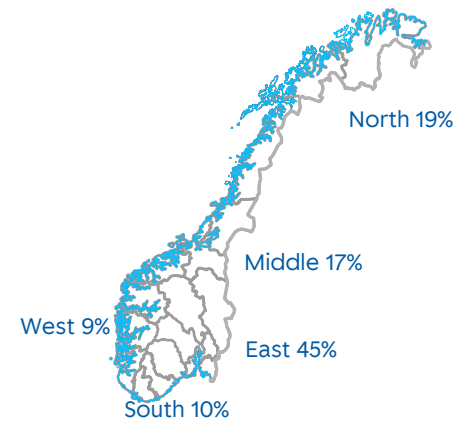
Weighted avg. LTV



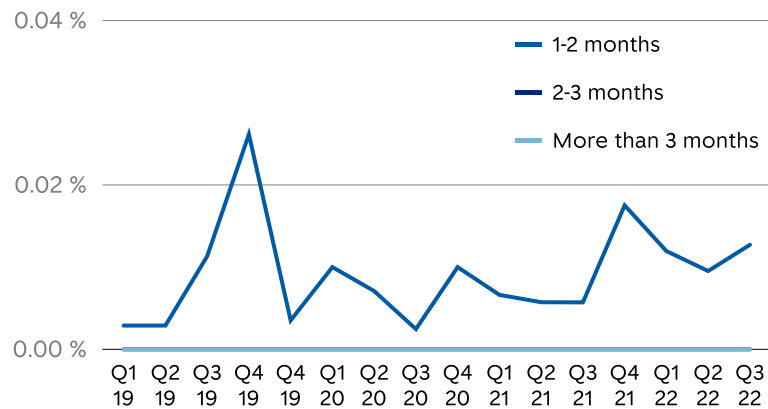
Mortgages in LTV ranges



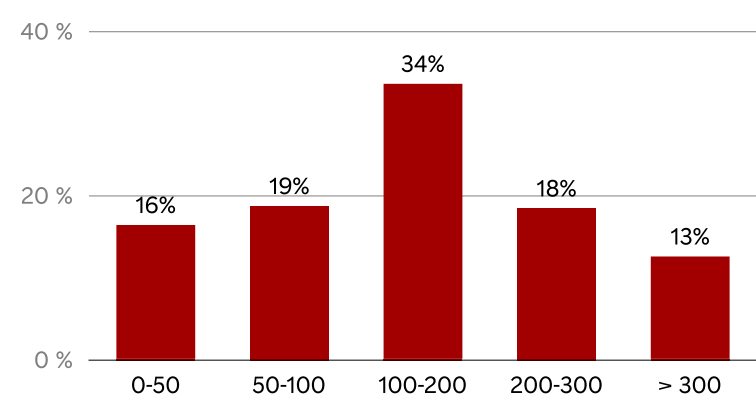
Geographical distribution



Mortgage loan arrears (in pct. of pool balance)

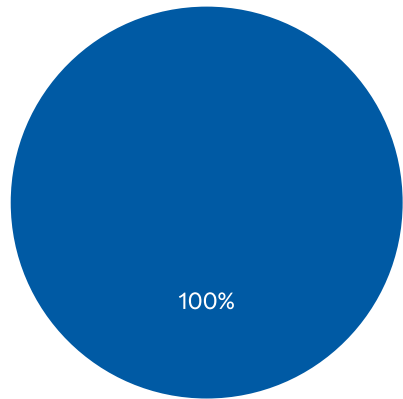


Granularity of mortgages (size, EUR in 1000)



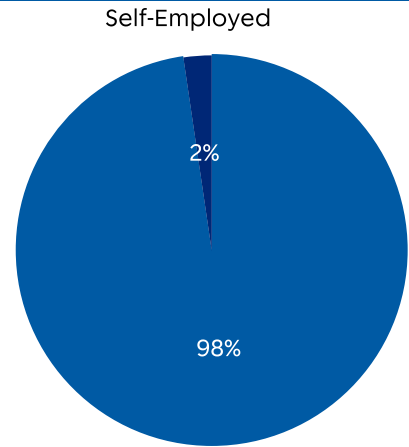
Further cover pool mortgage statistics

Residential occupancy status



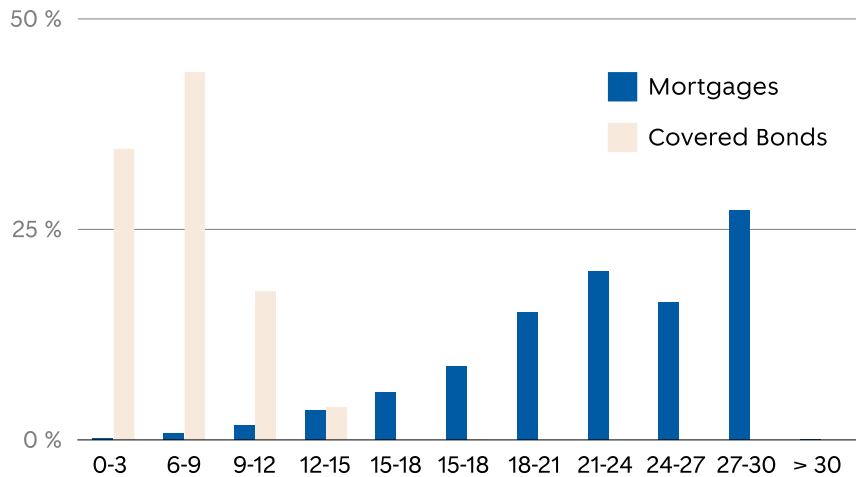
Owner Occupied

Employment status

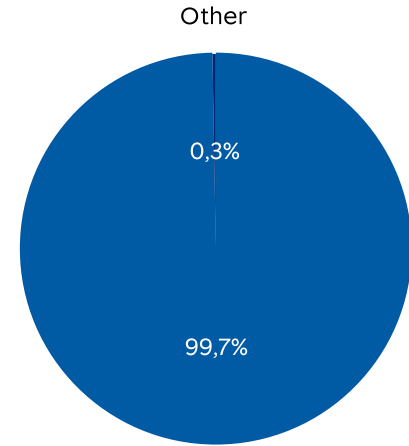


Employed

Mortgages and covered bonds remaining tenor (yrs)

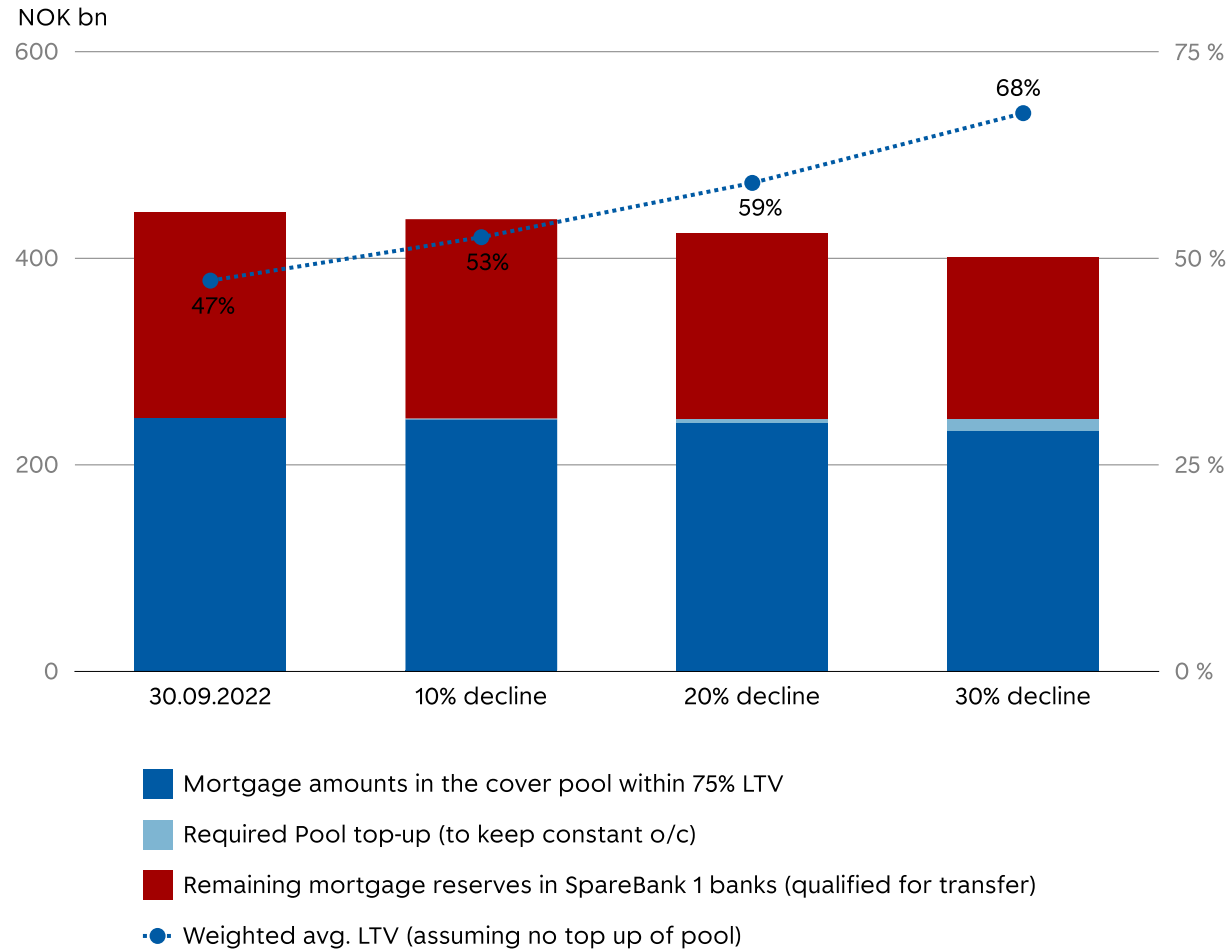


Mortgage payment frequency



Monthly

Stress testing the cover pool – real estate valuation declines



- In a scenario with declining real estate valuations, an increasing share of mortgages above the 75% legal limit become ineligible as cover assets
- Accordingly, mortgages need to be replaced, this is the 'required top-up' in the chart
- Parts of the mortgages in the highest LTV brackets needs replacing as house prices decline
- The SpareBank 1 mortgage reserve requirement calls for each bank to have non-zero, cover pool qualified, mortgage reserves after a 30% price decline scenario
- The qualified reserve mortgages (red bars) decline as their LTV increase and as the top-up is provided to the cover pool
- The w.a. pool LTV shown in the chart is prior to the top-up, only considering the price declines based on the current pool mortgage balance

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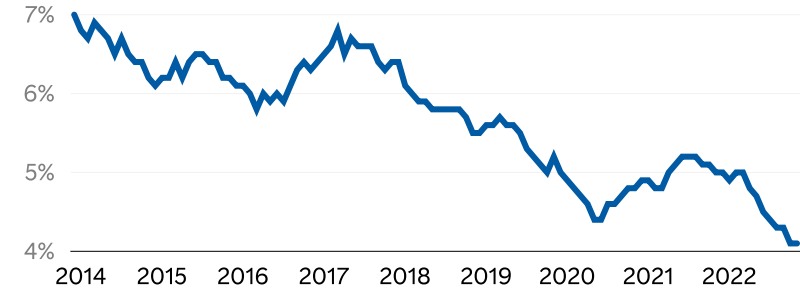
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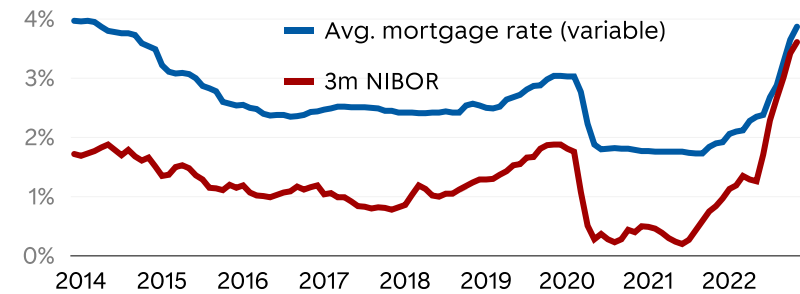
Residential mortgage market

MORTGAGE MARKET	<ul style="list-style-type: none"> Total size approximately NOK 3,600 billion YE 2021 (€360 bn) Private banks are the dominant suppliers of mortgages Scheduled repayment mortgages: ca.85% Typical maturity: 25 years First priority security market, thorough documentation
HOME OWNERSHIP	<ul style="list-style-type: none"> Over 82% of households owner occupied Between 50 and 60% are detached one-family houses
SOCIAL SAFETY	<ul style="list-style-type: none"> Unemployment benefits represents ca 60% of salary for 2 years
PERSONAL LIABILITY	<ul style="list-style-type: none"> Borrowers are personally liable for their debt Swift foreclosure regime upon non-payment Transparent information about borrowers
MORTGAGE MARKET REGULATION	<ul style="list-style-type: none"> Loan to value: 85% (75% legal limit for cover pool) Flexible repayment mortgages: max 60% LTV 3% mortgage interest rate increase as stress test (prior 2023; 5%) Maximum 5x debt / gross income for borrowers Repayment minimum 2.5% p.a. when LTV > 60% Exemptions 10% / 8% for Oslo
INTEREST PAYMENTS	<ul style="list-style-type: none"> 95% of mortgages are variable rate Interest rates can be reset at the banks's discretion, by giving the debtor 6 weeks notice
TAX	<ul style="list-style-type: none"> 22% of interest paid is tax deductible (equal to the basic rate of tax) Owner occupied residence at 25% of market value for wealth tax

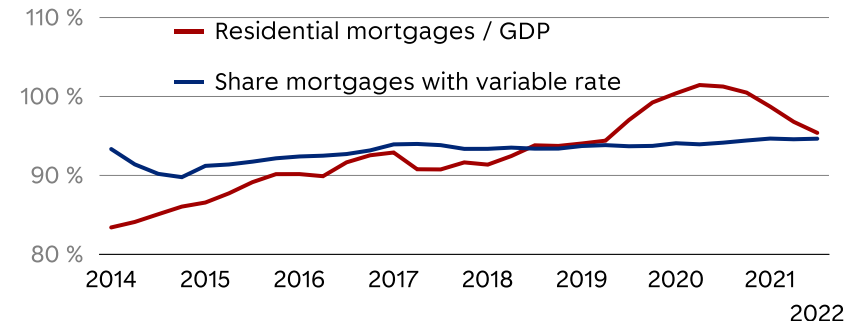
12 month credit growth rate household sector



Interest rates



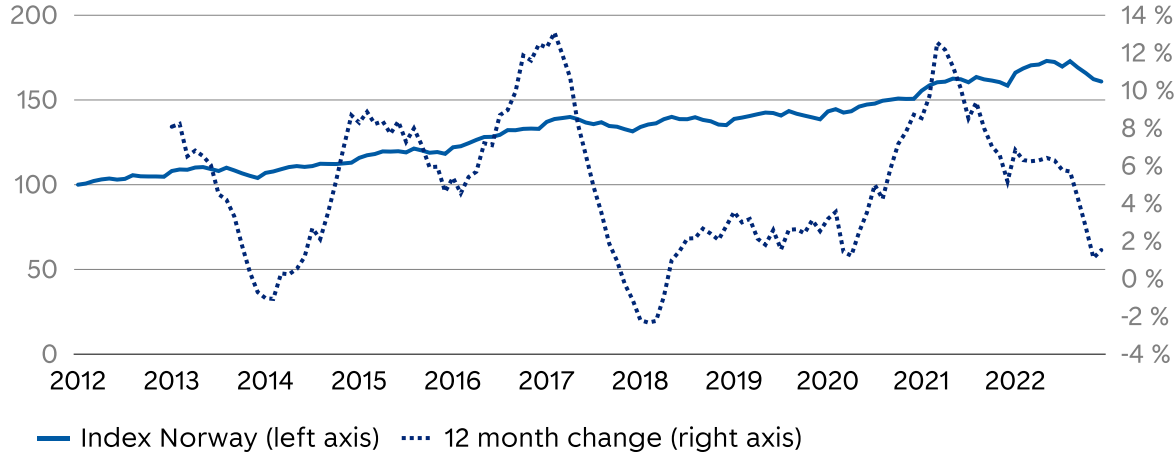
Mortgages



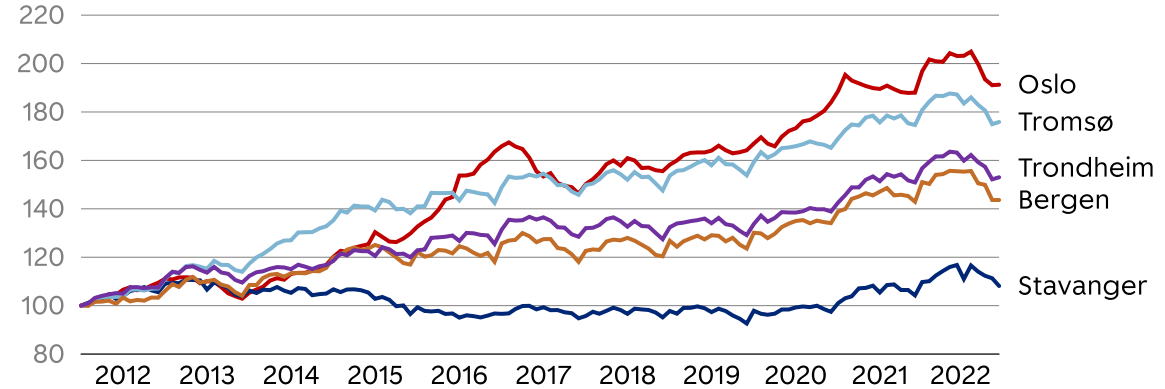
RESIDENTIAL REAL ESTATE MARKET

Price development

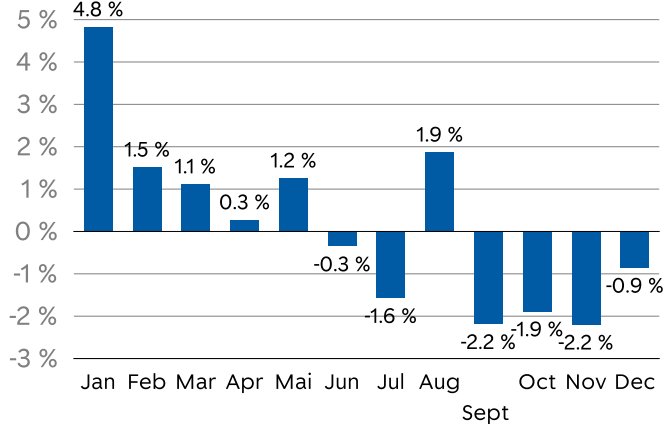
Residential real estate price index (Jan. 2012=100)



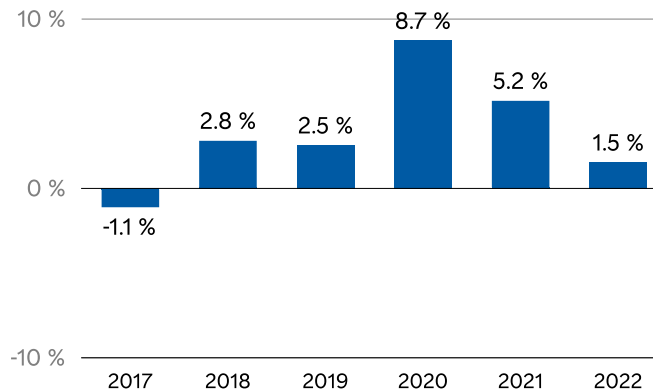
Indexes of the largest cities (Jan. 2012=100)



Index change the last twelve months

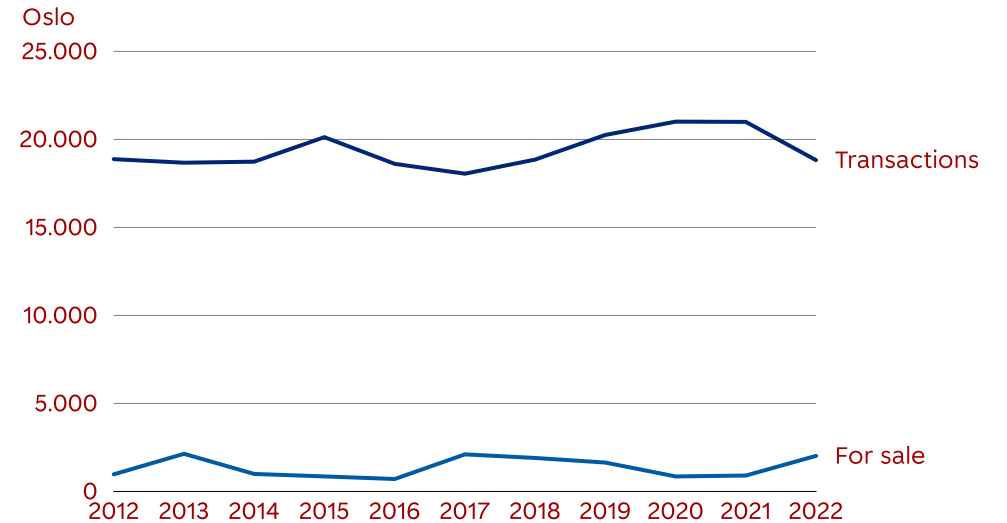
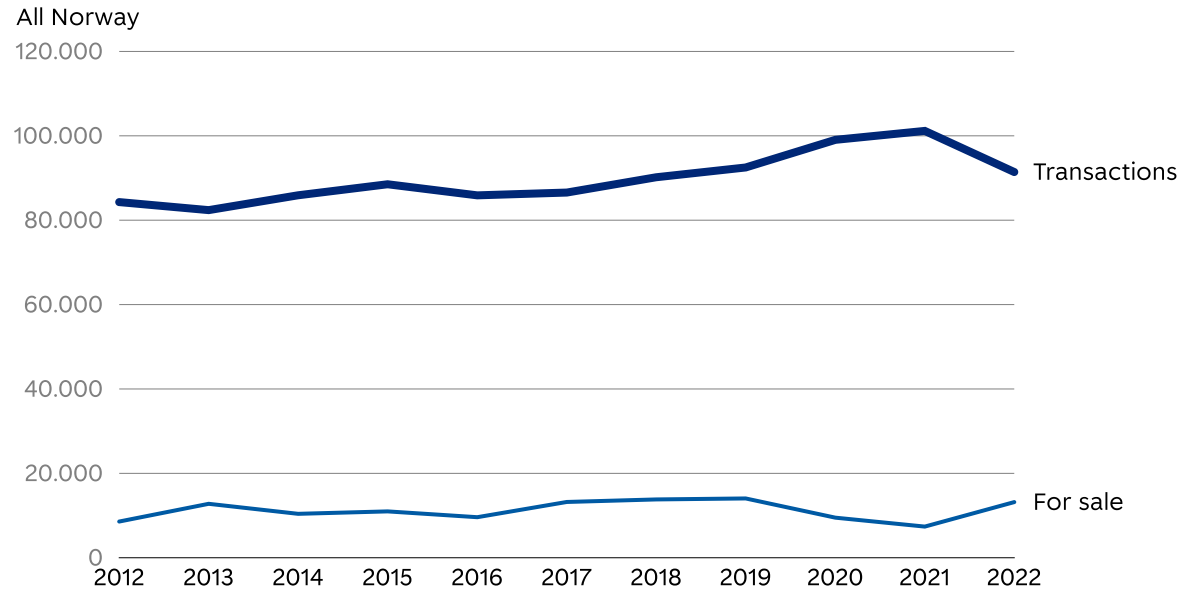


Index change last 6 years



- House price index growth has been relatively benign 2017 - 2019 due to tightened regulatory rules for mortgage lending
- The market has shown strength through the Corona crisis, probably due to lower interest rates
- A correction is taking place in 2022

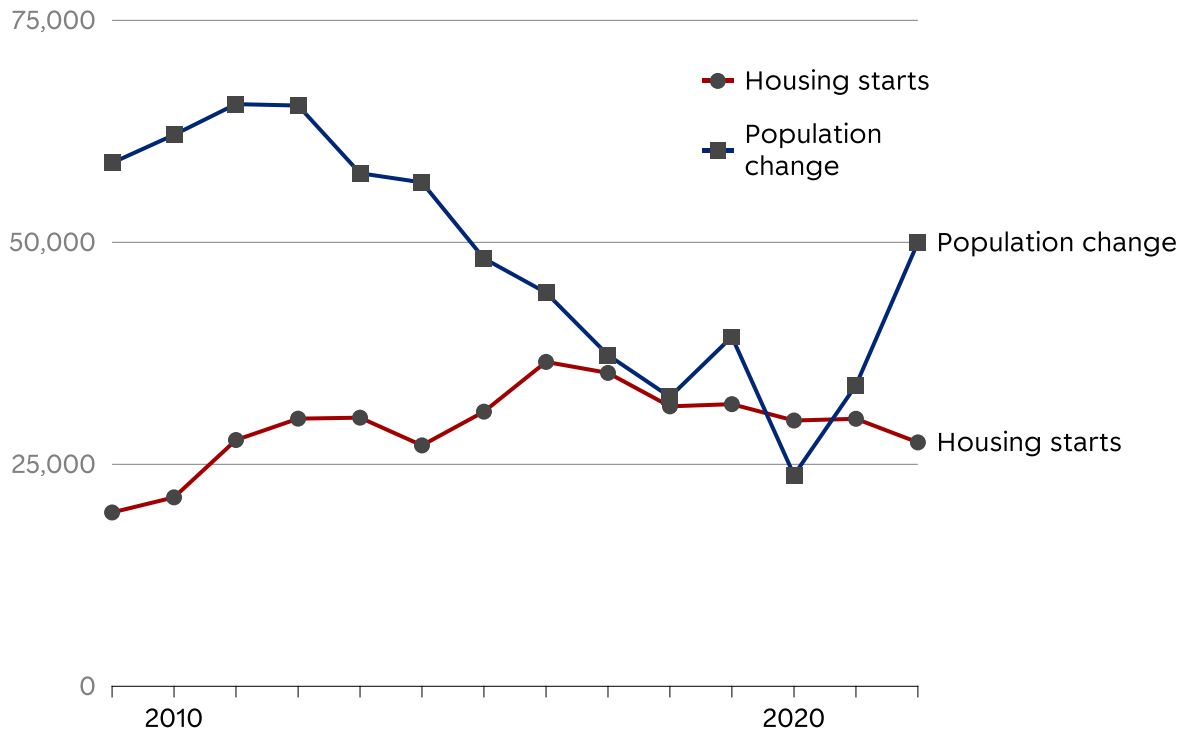
Transactions and inventory



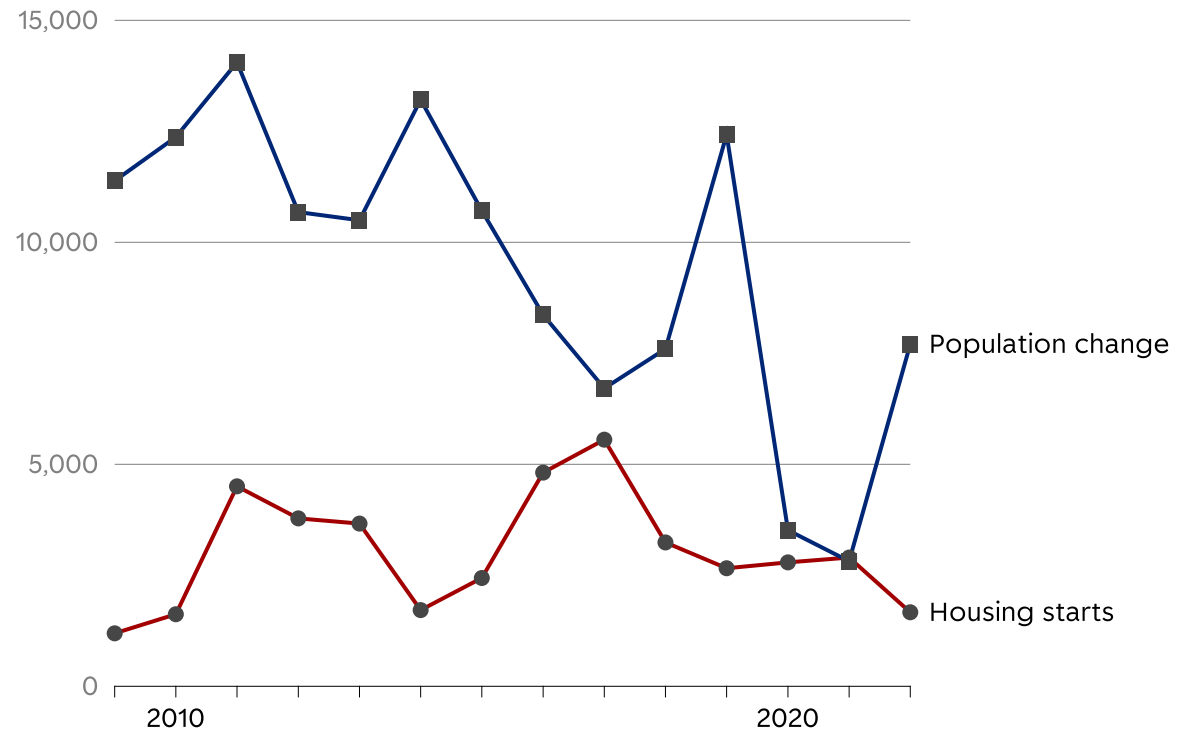
- The charts display the number of transactions of residential units
 - Transactions: sum over the last twelve months
 - For sale: on the market for sale in the current month

New builds and population change

Norway: housing starts and population change

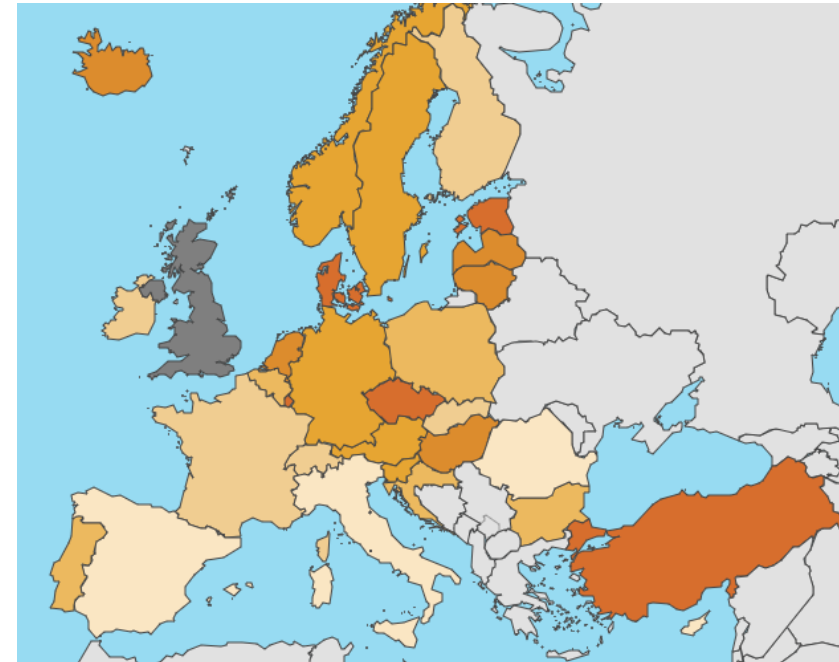
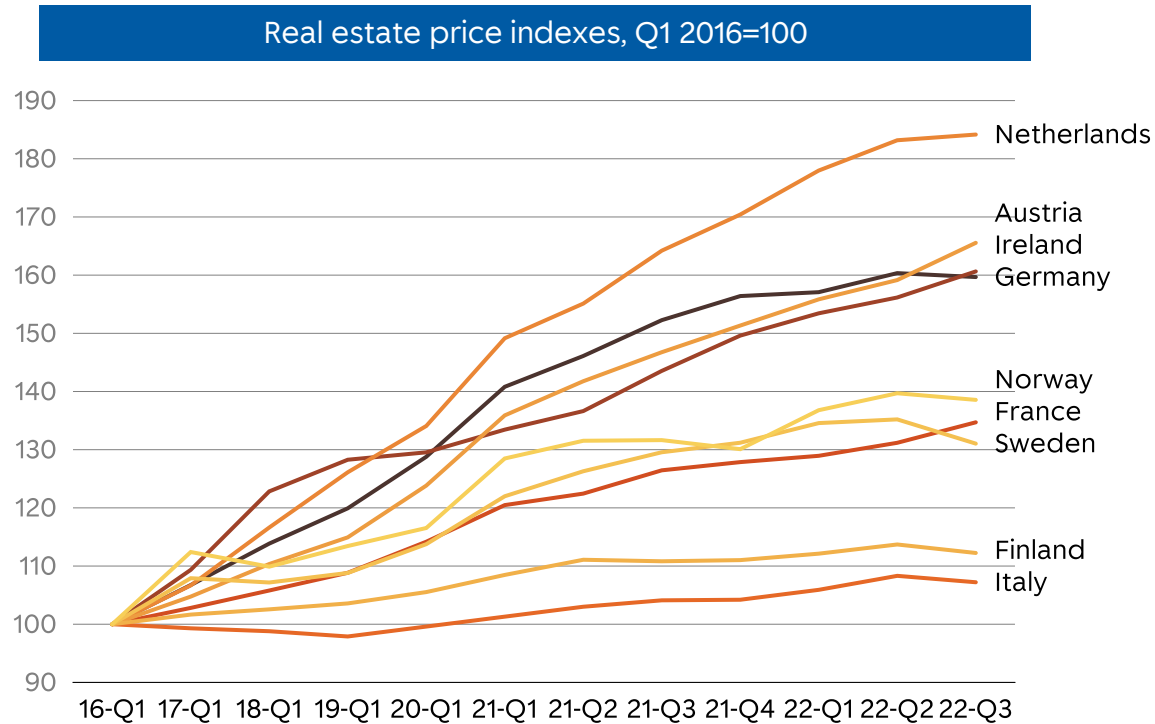


Oslo: housing starts and population change



- Lower housing starts compared to population development can be a price driver on the real estate market
 - Oslo: generally strong population growth to new available housing units. The city (large share of population) is a bellwether for the real estate market

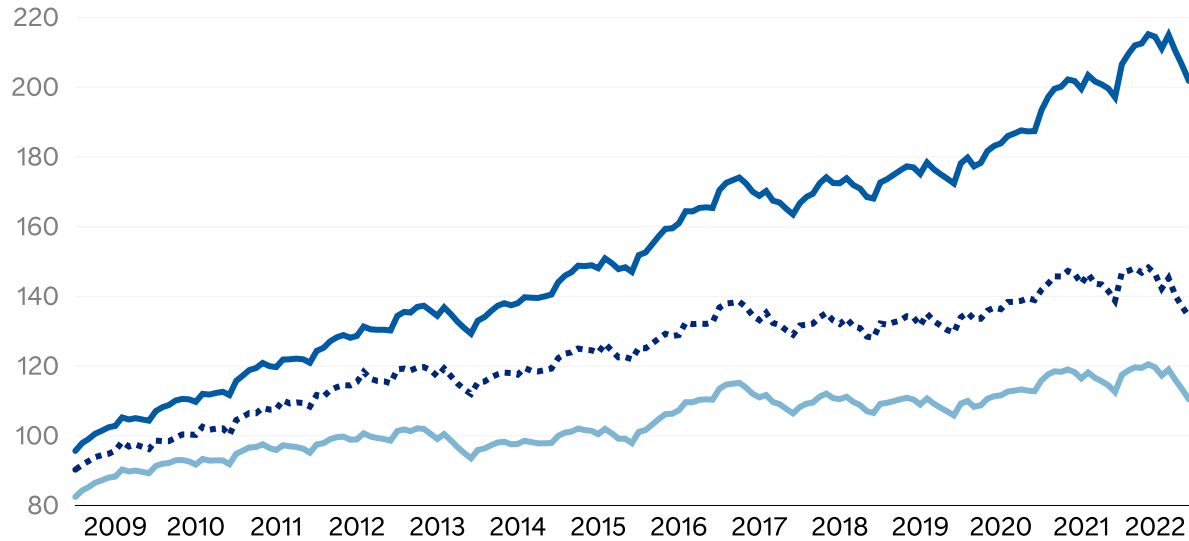
Price development international comparison



RESIDENTIAL REAL ESTATE MARKET

Affordability

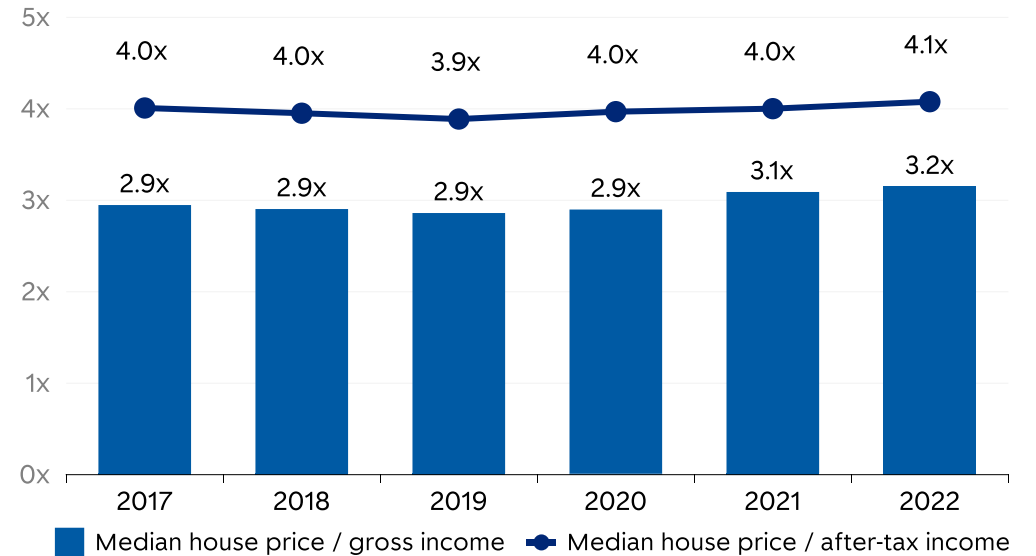
Adjusted real estate price index (Jan 2007=100)



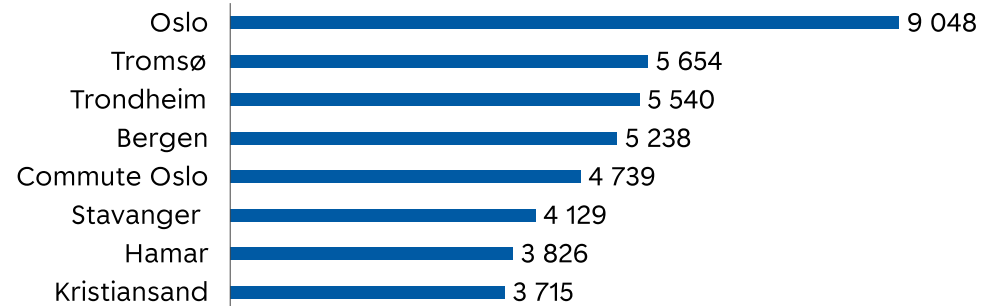
— House Price Index ··· Inflation adjusted — Adj. for after-tax household inc.

- Average house prices for Norway, as adjusted by HH after-tax income, have increased some, though the 2022 correction is visible
- Drivers of this is primarily the price development in Oslo, but also new building standards

Median value real estate to income

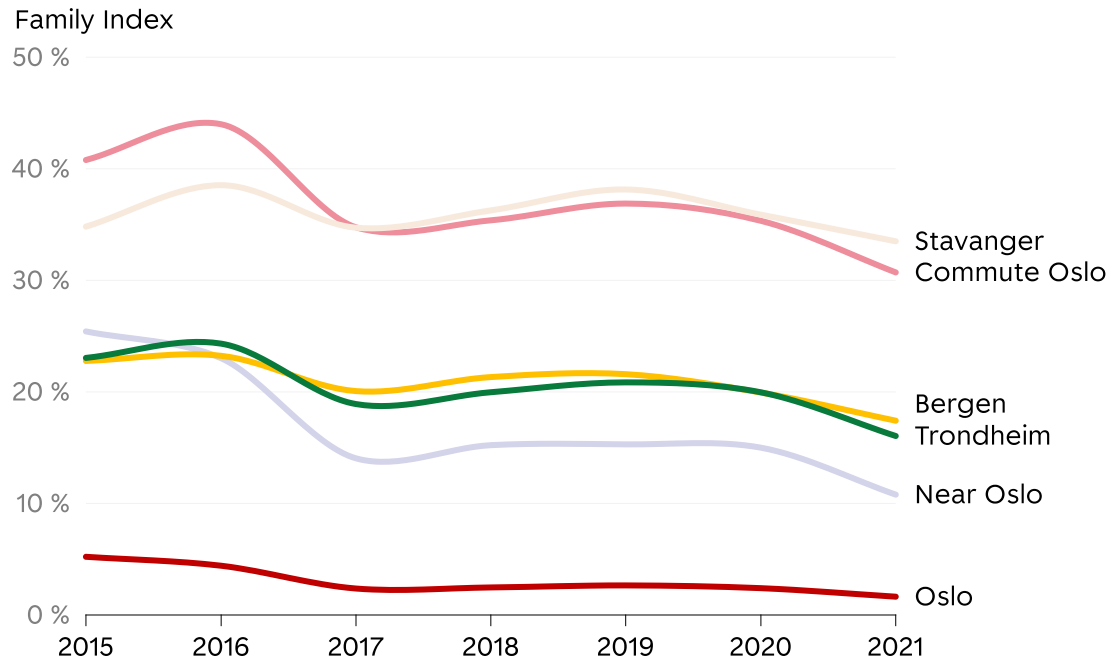


Square meter average: EUR / m2



RESIDENTIAL REAL ESTATE MARKET

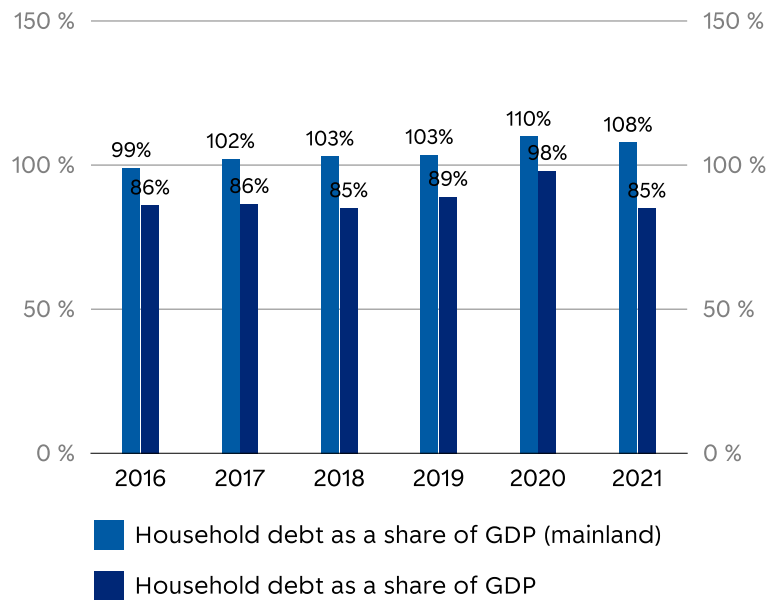
Affordability



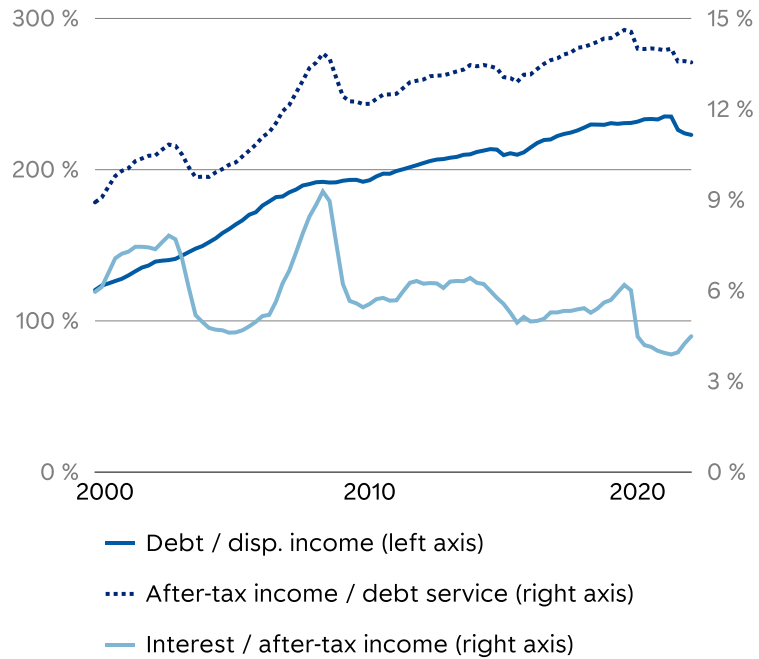
- The Family index shows which share of residential units are offered for sale that are affordable for a “standard” family
- It is based on a “normal” working household income with children and current mortgage market lending regulations
- Oslo has very few possibilities, but Commute Oslo is 30-40 min train commute from the city centre

Household Sector Debt

Household debt share of GDP

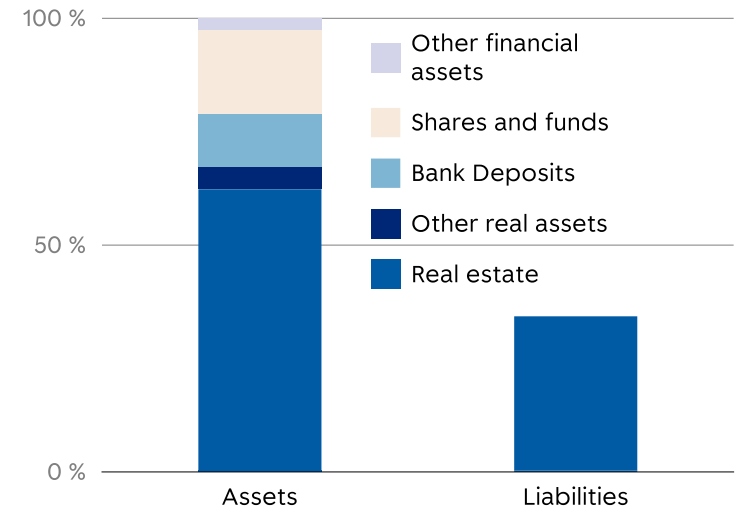


Household debt to disp. income



Disposable income is after tax and interest

Household assets and debt (excl. pension assets) 2020



Assets do not include any pension claims

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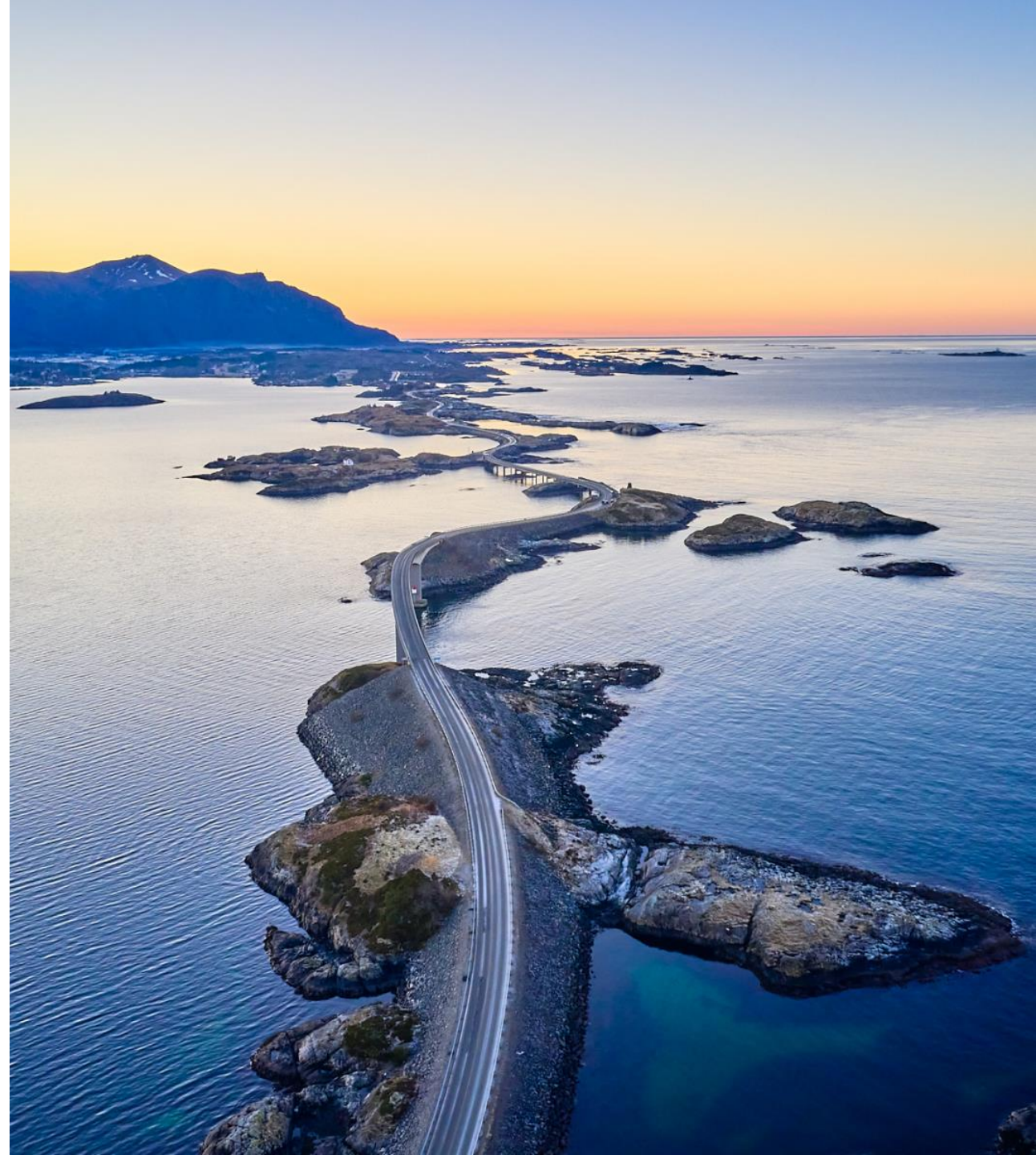
- 3 Boligkreditt - Covered Bond Structure

- 4 Residential Real Estate Market

- 5 SpareBank 1 Banks Performance Review

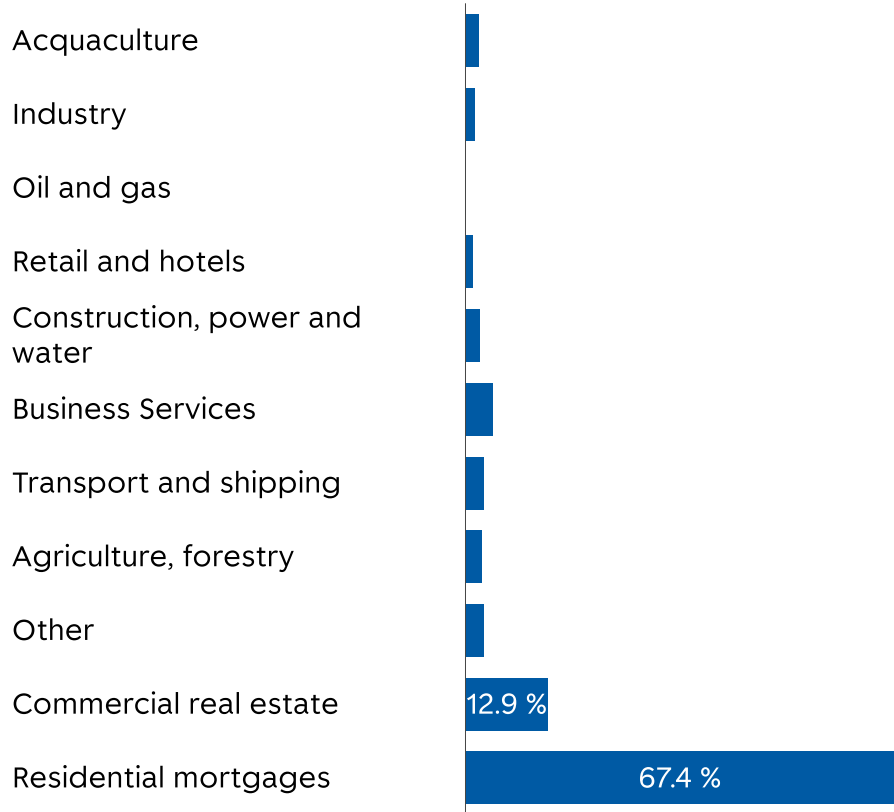
- 6 Covered Bond Funding

- 7 Appendix I: Green Covered Bonds



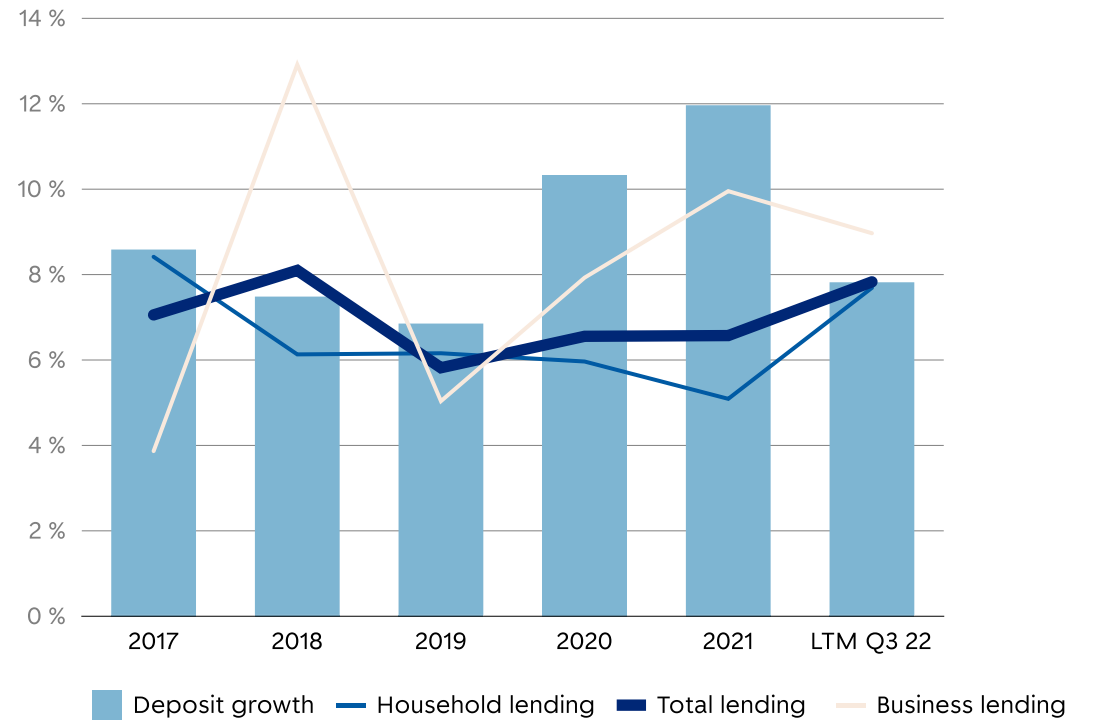
SPAREBANK 1 ALLIANCE BANKS
Balance Sheet

Aggregated SpareBank 1 lending

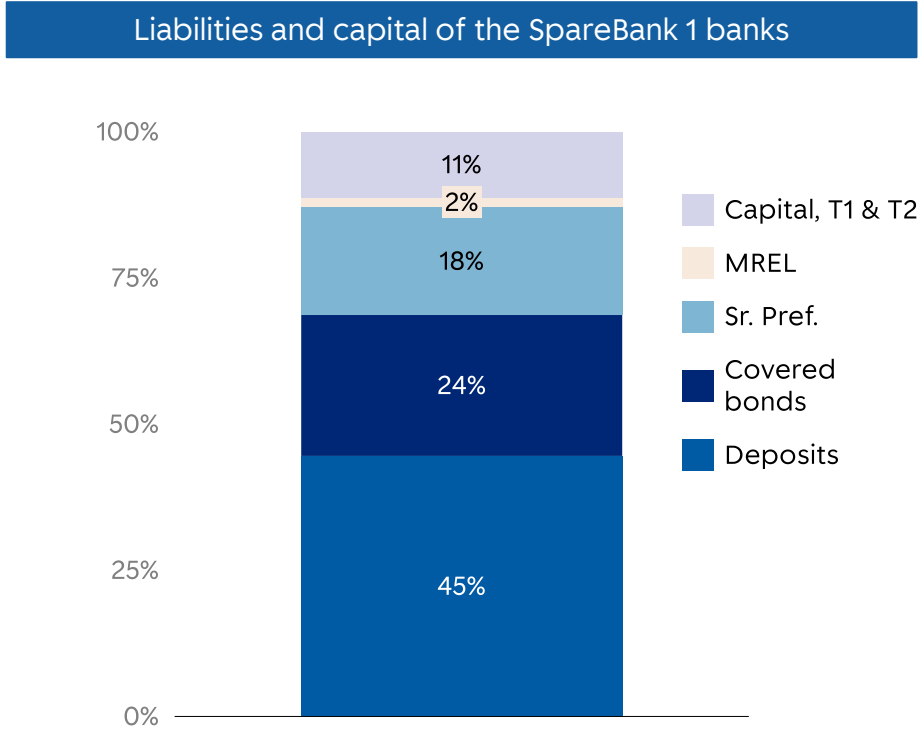


Source: SpareBank 1 Banks financial reporting

Aggregated SpareBank 1 lending and deposit growth

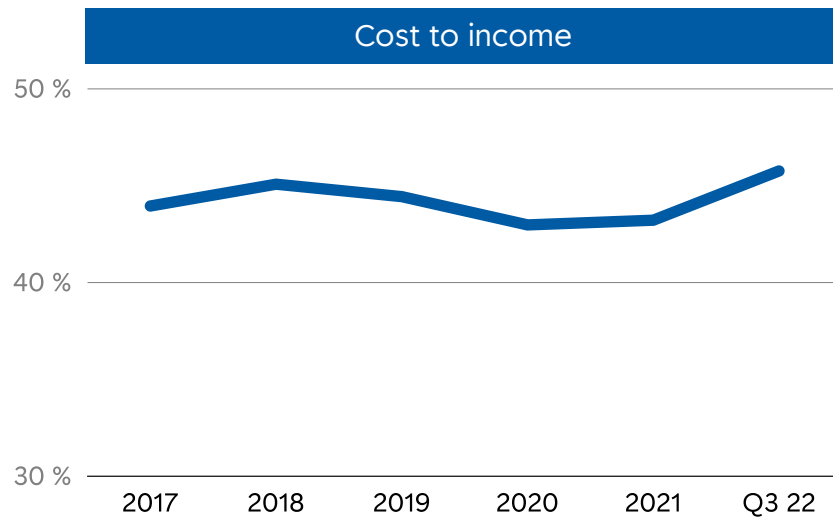
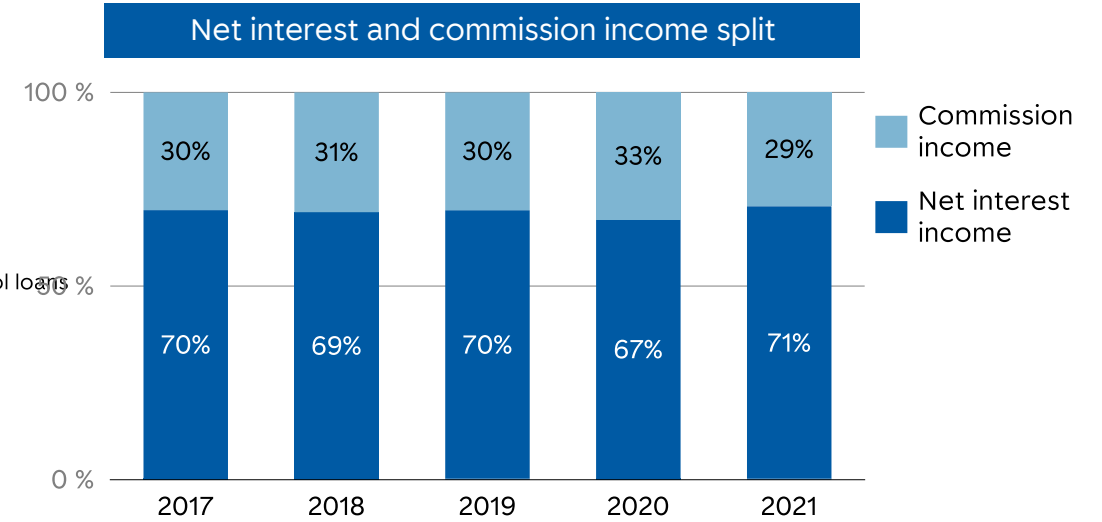
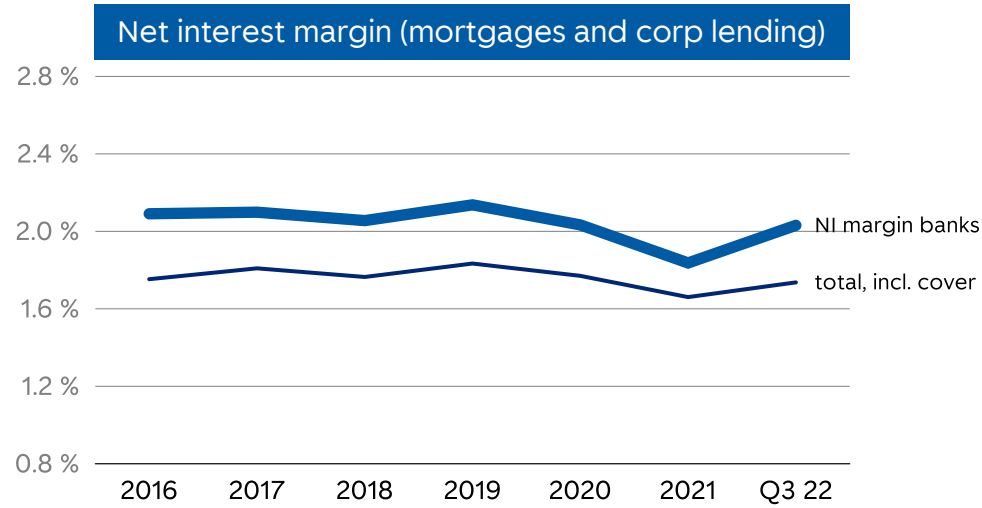


Financing of the SpareBank 1 banks



SPAREBANK 1 ALLIANCE BANKS

Income and costs

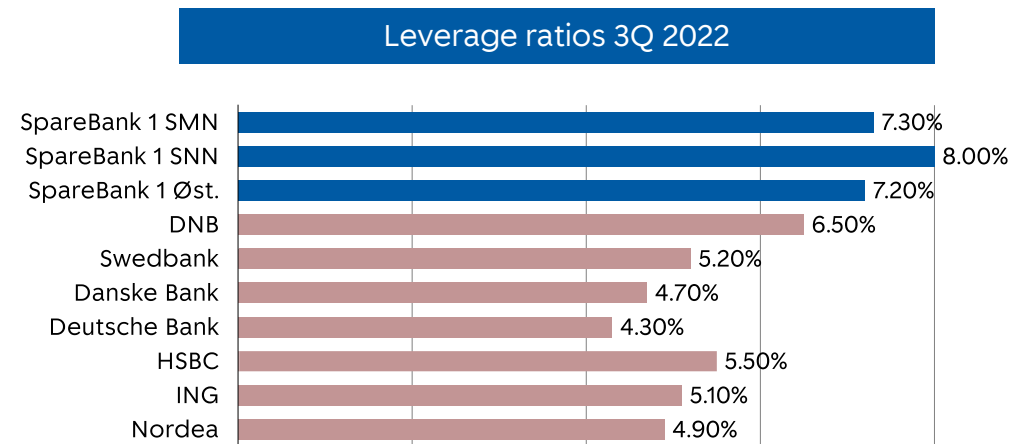
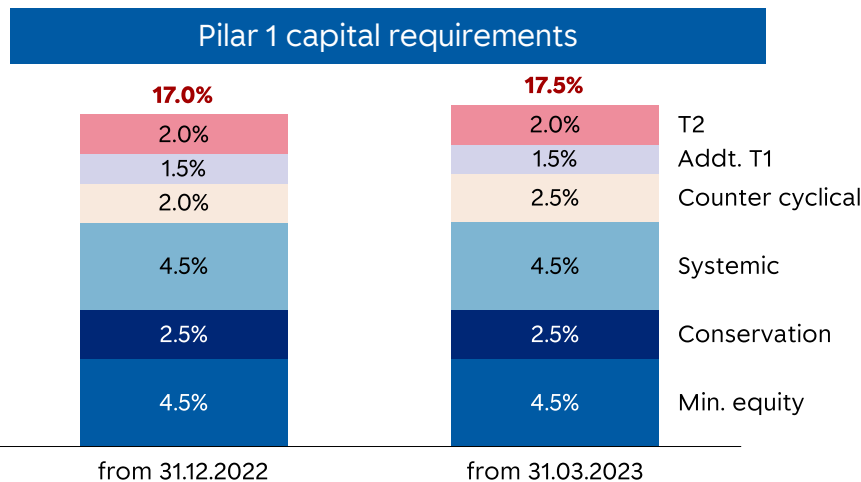
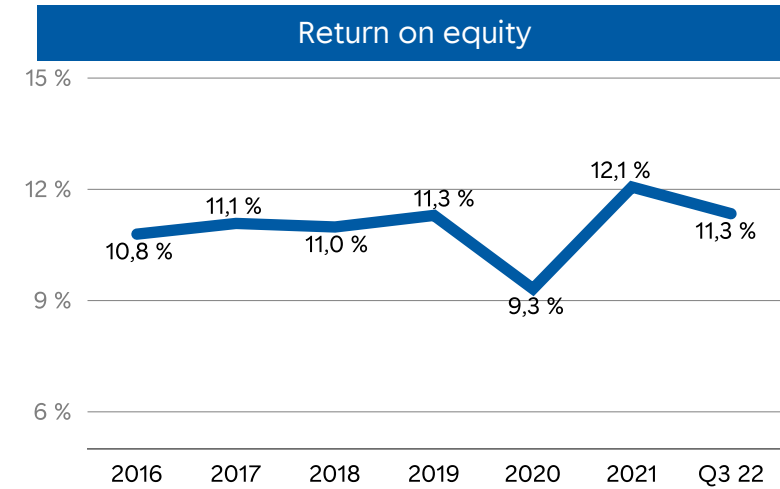
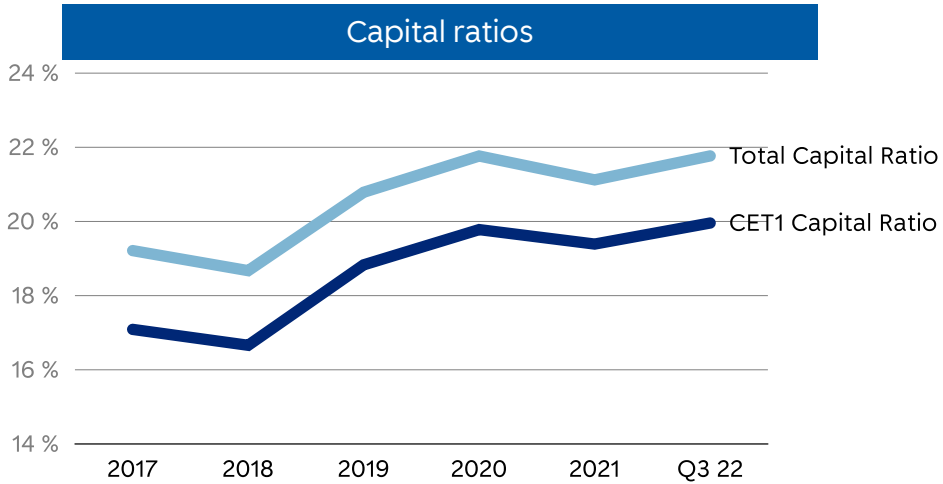


Commission (non-lending) income is stable and comes from:

- Property and casualty insurance
- Savings products and mutual funds
- Real estate agency
- Accountancy services
- Markets (SpareBank 1 Markets)
- Credit cards

SPAREBANK 1 ALLIANCE BANKS

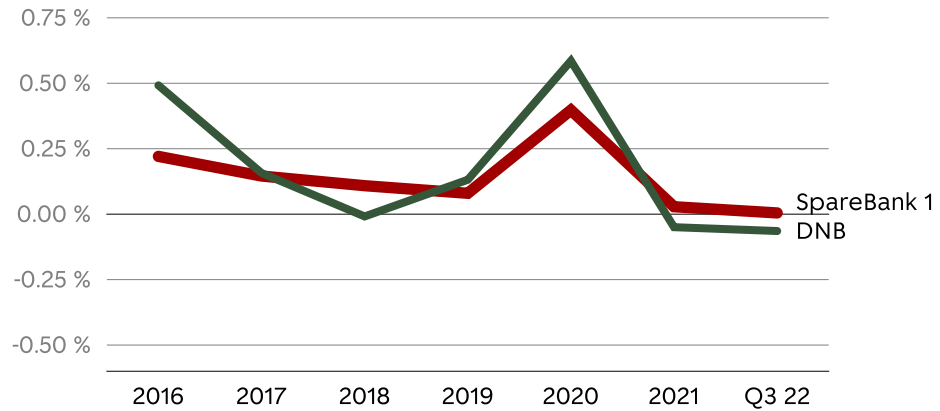
Capital and return



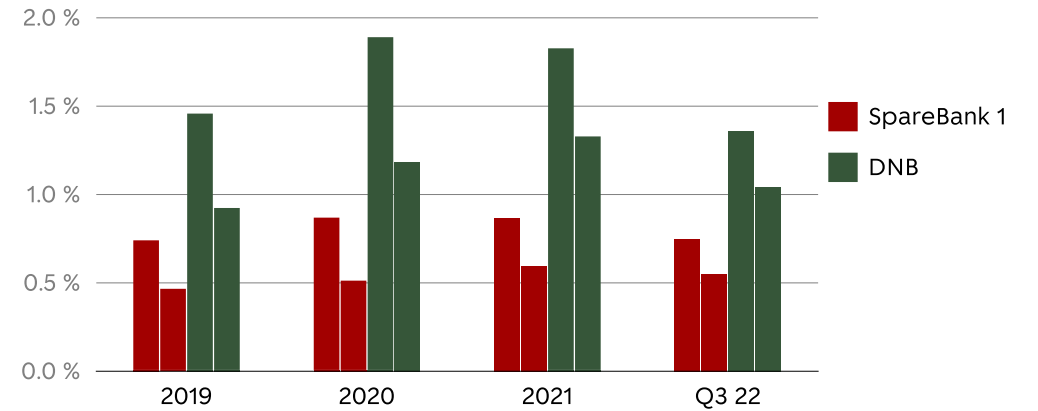
SPAREBANK 1 ALLIANCE BANKS

Credit Quality

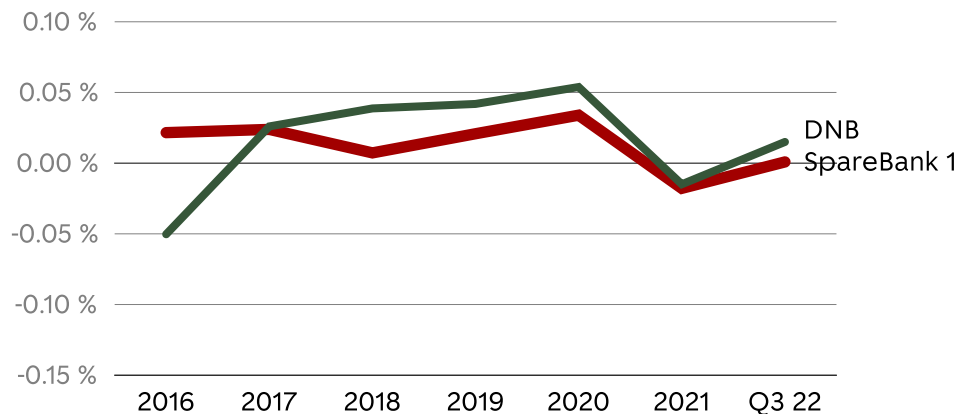
Loan P&L write down charge: all lending ⁽¹⁾



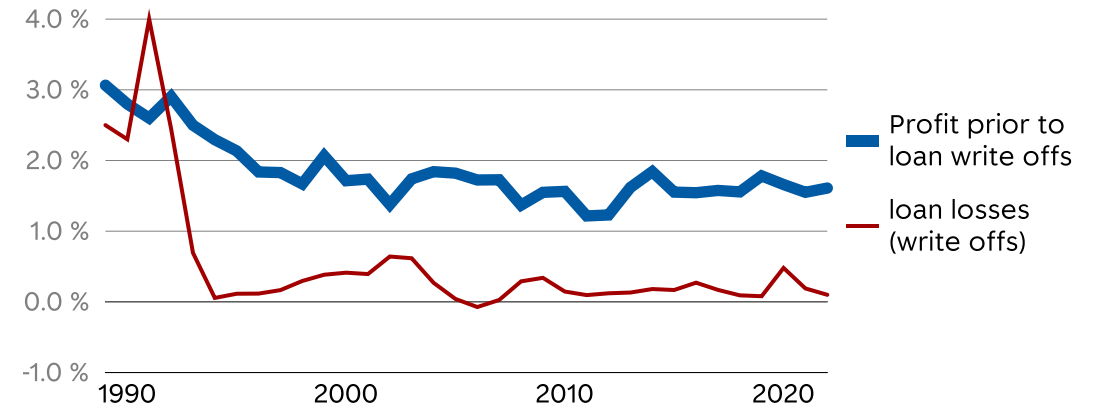
IFRS 9, Stage 3 of all lending (NPL), gross and net



Loan P&L write down: lending to households ⁽¹⁾



SpareBank 1 pre-loss results vs. credit charge



Balance sheet size and key figures

<i>As of Jun 30, 2022</i>	SpareBank 1	SpareBank 1	SpareBank 1	SpareBank 1	SpareBank 1	All other	Alliance
<i>Figures in NOK mill.</i>	SMN	SNN	Østlandet	SR	Sørøst	SB1 banks	Aggregate
<i>Moodys' Issuer/Sr. rating</i>	<i>A1</i>	<i>Aa3</i>	<i>Aa3</i>	<i>A1</i>	<i>A2</i>		
Total assets (incl. covered bond loans)	268,332	160,591	223,400	318,642	100,245	280,333	1,471,645
Gross loans	205,504	129,910	183,346	242,867	105,255	239,831	1,106,713
<i>of which used in covered bonds</i>	56,823	34,854	54,403	99,800	25,334	68,202	339,416
Deposits	123,812	84,813	100,005	145,667	46,212	138,966	639,475
NPLs	941	455	531	2,287	276	1,534	6,024
CET 1 Equity	22,993	15,974	18,790	27,141	12,220	27,431	124,549
CET 1 ratio	20.4 %	20.6 %	19.3 %	19.3 %	20.4 %	19.9 %	19.9 %
Total capital ratio	22.7 %	22.2 %	21.0 %	20.9 %	22.2 %	21.7 %	21.7 %
NPL ratio	0.5 %	0.4 %	0.3 %	0.9 %	0.3 %	0.6 %	0.5 %
Cost to income ratio	47.0 %	44.7 %	55.3 %	42.3 %	52.2 %	41.9 %	46.3 %
RoE	12.6 %	10.2 %	7.7 %	11.8 %	8.1 %	9.5 %	10.3 %

Notes

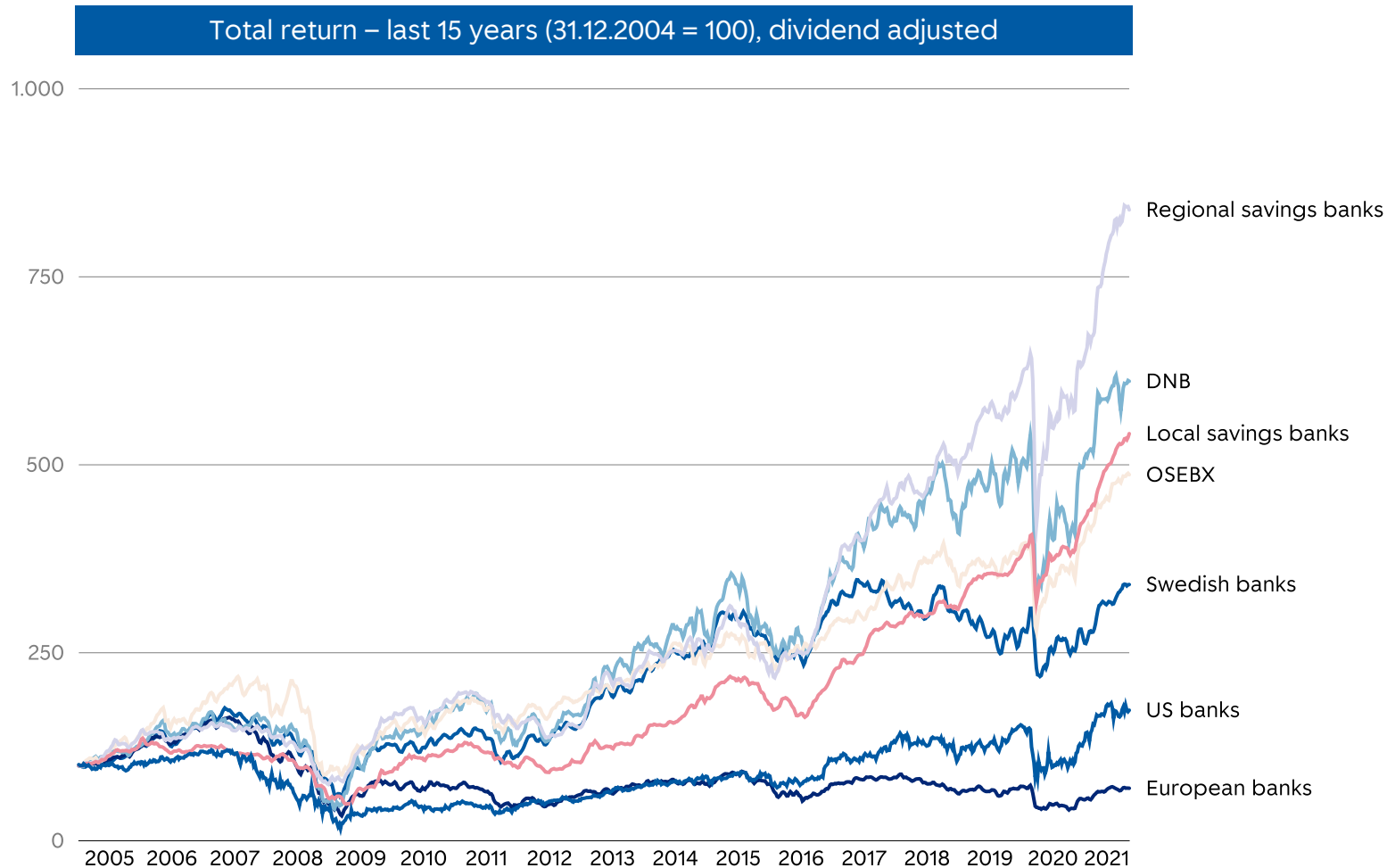
1. Covered bonds are issued through the Alliance's banks SpareBank 1 Boligkreditt and SpareBank 1 Naeringskreditt.

The exception is SR bank, which uses its own issuer.

2. NPL means loans in Stage 3, IFRS 9, which include payment defaulted and loans at risk of default

3. The ratios in the All other SB1 banks column are weighted averages

SpareBank 1 Banks equity total return



Results of the regional savings banks (SpareBank 1 Alliance banks) performance due to:

- Continued improvements in cost efficiencies
 - Fewer bank branch employees, more customer interaction via technology
 - Number of bank physical branch offices reduced
 - Saving banks are consolidating
- No expansion – or failed expansions – outside of Norway
- Well capitalized banks
 - Sufficient capacity to cover potential losses
 - Small actual losses / loan impairments
- A strong Norwegian economy with credit growth, low bank losses and increased asset (real estate) values

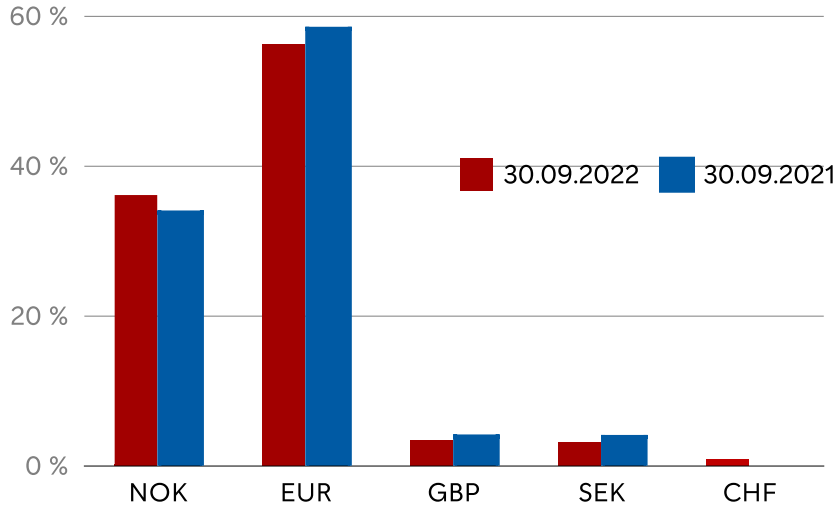
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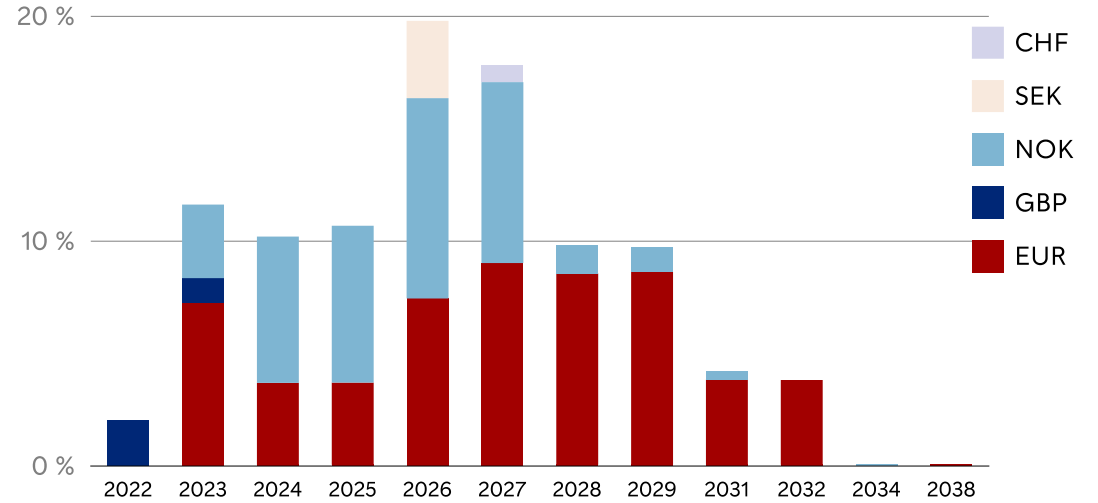


SpareBank 1 Boligkreditt Covered Bonds

Currency split



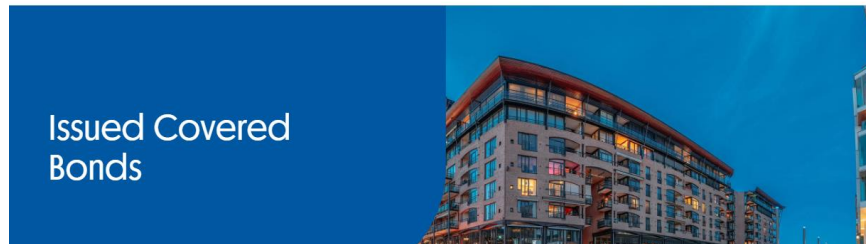
Maturity profile



Further information at spabol.no

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[ABOUT US](#)
[PARENT BANKS](#)
SpareBank 1 Boligkreditt

[Issued Covered Bonds](#)
[Cover Pool Statistics](#)
[Financial Reports](#)
[Green Bonds](#)
[Programme Documents](#)



SpaBol benchmark covered bonds (excl. NOK)

Number	Issue date	Size (mill.)	Tenor (years)	Maturity date	Coupon	Spread at issuance	Green Bond
						Mid swaps+ bps	
1	Mar 2016	1,000	7	09.03.2023	0.375 %	23	
2	Aug 2016	1,000	10	30.08.2026	0.25%	4	
3	June 2017	1,000	7	26.06.2024	0.375 %	0	
4	Jan 2018	1,000	7	30.01.2025	0.50%	-6	✓
5	June 2018	1,000	5	19.06.2023	0.375 %	2	
6	Jan 2019	1,250	10	30.01.2029	1.0 %	23	
7	May 2019	1,000	7	14.05.2026	0.125 %	2	
8	Nov 2019	1,000	10	05.11.2029	0.125 %	10	
9	Sept 2020	1,000	7	22.09.2027	0.10%	7	✓
10	May 2021	1,000	10	12.05.2031	0.125 %	3	
11	Nov 2021	1,000	7	03.11.2028	0.05%	3	
12	Jan 2022	1,250	6	20.01.2028	0.125%	0	
13	May 2022	1,000	10	11.05.2032	1.75%	11	
14	Aug 2022	1,250	4.75	25.05.2027	1.75%	9	
						LIBOR+ bps	
15	Nov 2017	500	5	14.11.2022	Sonia + 31.2 bps	27	
16	Apr 2018	250	5.25	18.12.2023	1.75%	42	
						STIBOR + bps	
17	June 2020	8,500	5	02.06.2025	Stibor + 75 bps	35	✓
						Mid swaps+ bps	
18	March 2022	210	5	06.04.2027	0.5075%	15	

SpaBol NOK covered

Number	Issue date	Size (mill.)	Tenor (years)	Maturity date	Coupon
NOK FRN					3M NIBOR +
1	Aug 2019	12,200	6	15.05.2024	0.24%
2	Feb 2020	18,120	5	17.02.2025	0.25%
3	Nov 2021	18,800	4.25	19.01.2026	0.75%
4	Apr 2022	16,150	5	15.03.2027	0.38%
5	Sept 2022	9,870	5	26.09.2027	0.58%
6	Jan 2023	10,000	5.25	13.03.2028	0.48%
NOK fixed rate					
6	Nov 2011	1,650	15	05.10.2026	4.75%
7	Mar 2016	3,050	12	22.06.2028	2.38%
8	Nov 2016	5,000	10	25.11.2026	2.10%
9	Oct 2018	4,700	6	17.10.2024	2.45%
10	Oct 2019	2,850	11	23.10.2029	2.10%
11	Feb 2021	1,000	10	19.02.2031	1.73%
12	Feb 2022	250	12	16.02.2034	2.50%

SpaBol NOK covered bonds

- Bonds are regularly tapped to target LCR cat. 1 size
- Floating and fixed series available
- Maturity profile NOK covered outstanding:

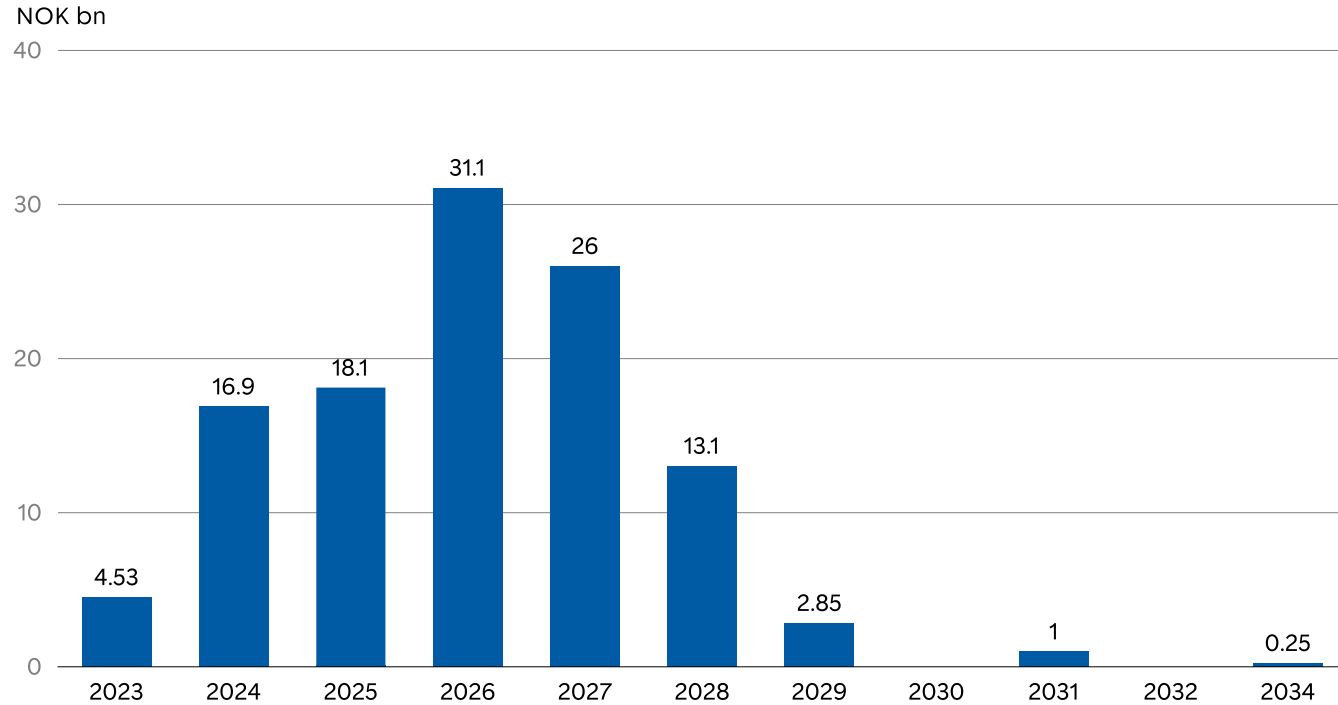


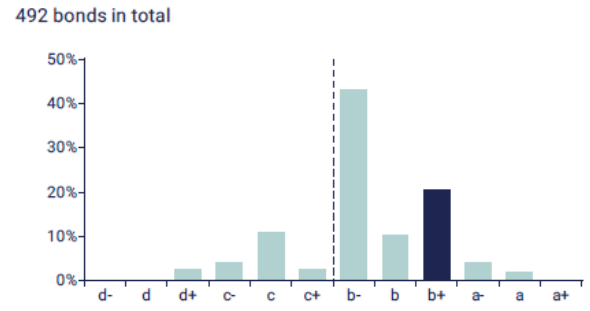
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SpareBank 1 Boligkreditt Green Bond Rating

ISS – Oekom Green Bond Rating



Strengths and Weaknesses

- + clear and conclusive eligibility criteria
- + comprehensive external assurance of bond framework
- + reasonable structures for the management of proceeds
- + clear sustainability strategy of the issuer

- no comprehensive approach regarding specific social risks of residential mortgages

Moody's Green Bond Rating

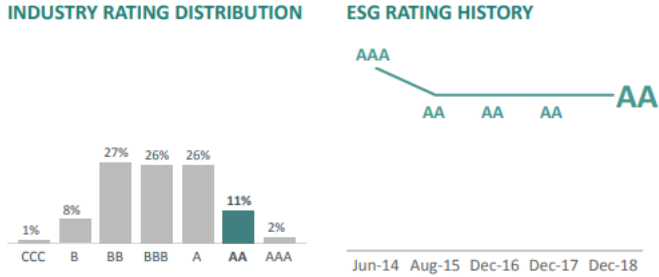
Green Bond Assessment - January 2018 issuance

Summary analysis

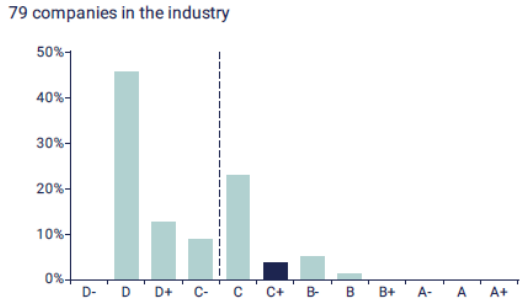


SpareBank 1 Boligkreditt ESG Rating

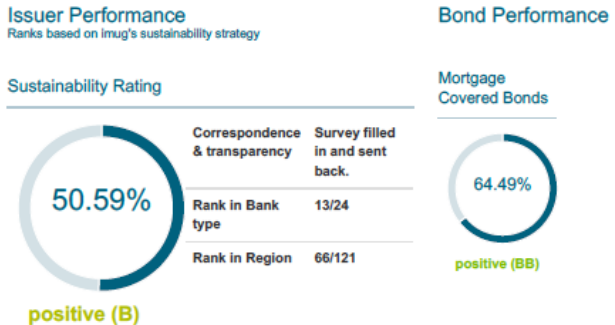
MSCI ESG Rating



ISS – Oekom ESG Rating



IMUG



ESG in the SpareBank 1 banks

Founding Signatory of:



WE SUPPORT



- ESG is an important strategic focus in the banks' business, driven by dedicated teams and is inclusive in the credit modelling and lending decision process
- SpareBank 1 Banks are foundational members of the **UN Environmental Programme Principles of Responsible banking** (which implements the Paris Agreement in the financial industry) and of the **UN Global Compact** (which targets the overall UN sustainability goals)
- SpareBank 1 Banks have created climate accounts (Scope 1-3) and have set goals
- SpareBank 1 banks are offering green mortgages to customers, are issuing green senior bonds and are working with SpaBol regarding green covered bonds

Green covered bonds: selection of Norwegian mortgages

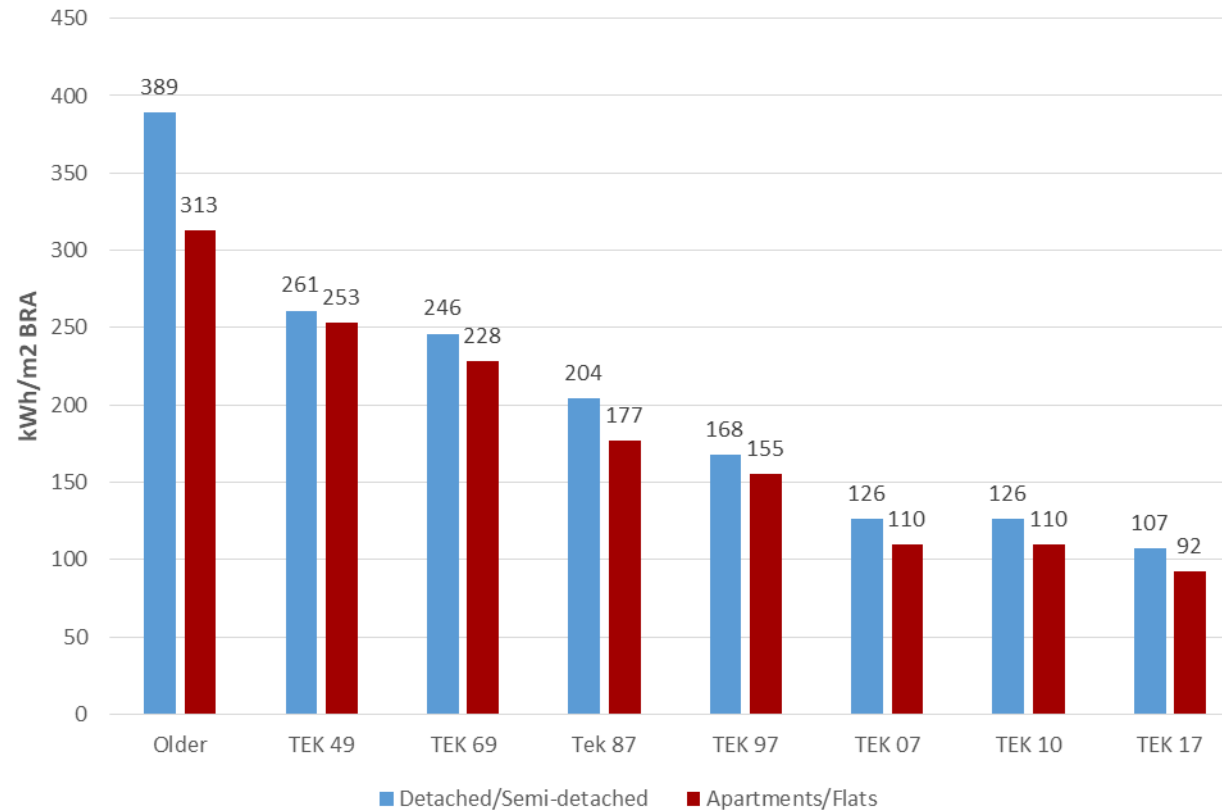
	Top 15% energy efficient	EU Taxonomy	Portfolio (NOK)
1. Most recent building codes (> TEK 10, correlates with EPC A and B)	✓	✓	35 Mrd.
2. EPC A and B from prior years (<TEK 10)	✓	✓	5.6 Mrd.
3. Refurbished buildings (30% energy efficiency improvement)	✗	✓	--
4. NZEB new building code from 2022	✓	✗	--
5. 10% better energy efficiency than the NZEB building code (delivered energy*)	✓	✓	--
6. Conventional (non-green) mortgages	✗	✗	204 Mrd.

- The Near Zero Energy Building (NZEB) concept, on which the EU Taxonomy criteria post 2020 is based, has yet to be established in Norway
- When NZEB buildings are constructed, these will gradually replace the previous (older) green mortgages
- SpaBol will focus on top 15% energy efficient mortgages, in order to continue to supply green bonds

Notes: 1. TEK = technical building requirement

* Corresponds to the EU Taxonomie from 2020. Could be possible to achieve and calculate (with renewable energy playing a role) in the context of the new final building code

Building codes and energy use

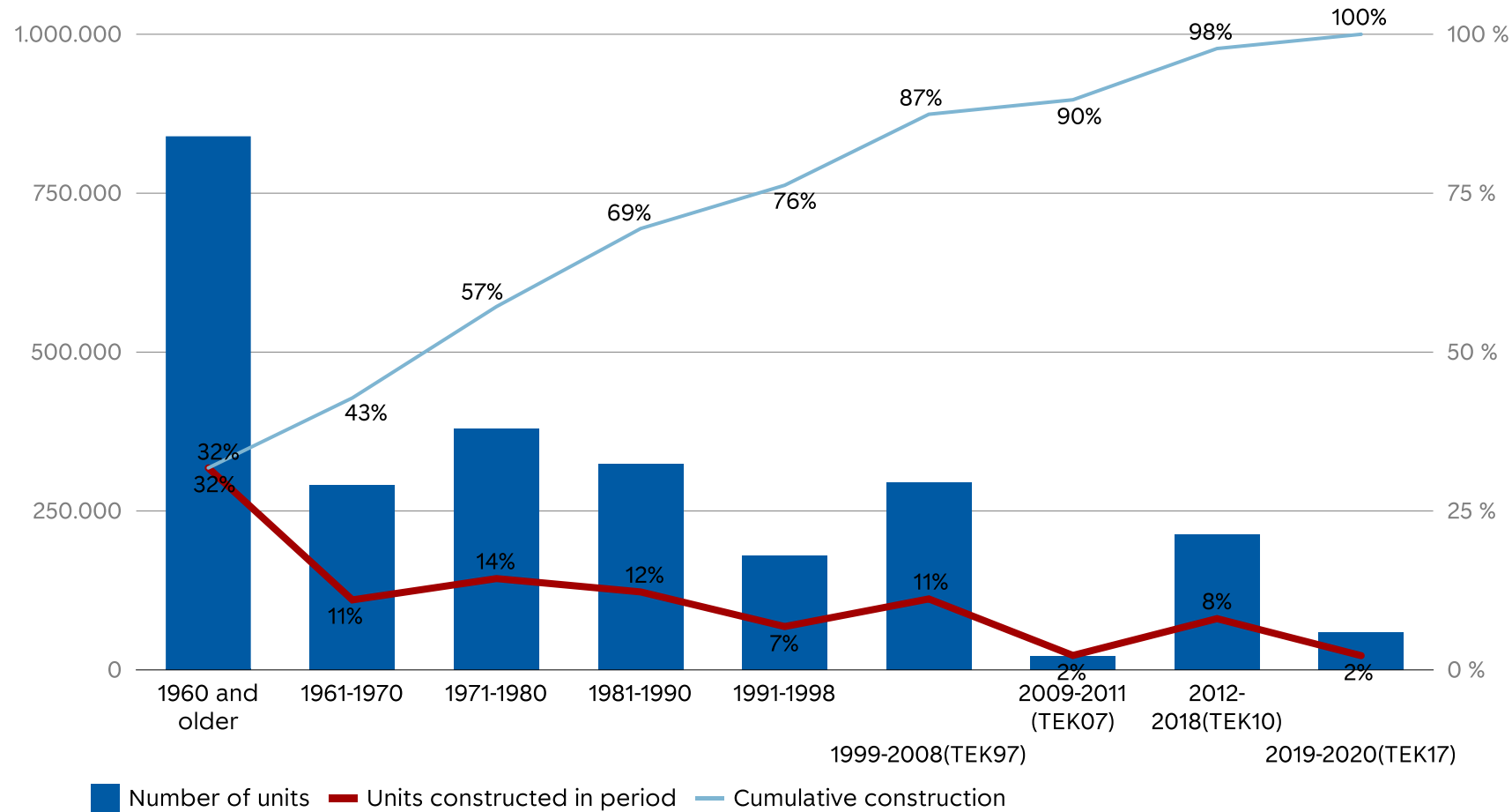


Development in calculated specific net energy demand based on building code and building tradition, (source: Multiconsult)

EU Taxonomy Assessment

EU Enviro. Objective	EUT Economic Activity: 7.7 Acquisition & Ownership of Buildings		
	EUT Criteria	SpaBol Green Bond	Alignment
1. Mitigation	Technical Screening Criteria i. Built <2021: EPC A or Top 15% approach ii. Built ≥2021: NZEB -10%	Eligibility criteria = Top 15% approach (via Building code / EPC label) i. No relation to fossil fuels iii. All Norwegian new builds have EPC labels	Partial Alignment <ul style="list-style-type: none"> • Built <2021: 94.9% (Aligned) • Built ≥2021: 5.1% (Out of scope) ¹
	Do No Significant Harm i. Building not directly related to fossil fuels industry ii. Built <2021: At least EPC C or within Top 30% iii. Built ≥2021: At least NZEB standard & EPC label in place		
2. Adaptation	Do No Significant Harm i. Reducing material physical climate risks ii. Supporting system adaptation iii. Monitoring adaptation results	i. Green buildings are aligned with Norwegian environmental legislations via the building code, where an environmental risk assessment is conducted at the planning stage and relevant measures are applied to reduce identified risks ii. Green buildings do not increase the risks of adverse climate impact on other stakeholders and align with national adaptation efforts iii. Adaptation results can be monitored and measured → TEK10 & TEK17 Building Code Regulation (= SpaBol Green Bond Criteria) ensures new buildings are not prone to significant Physical Climate Risks e.g. Flooding; Storm Surges, Landslides.	Aligned
1. Mitigation 2. Adaptation	Minimum Social Safeguards i. OECD Guidelines on Multinational Enterprises ii. UN Guiding Principles on Business and Human Rights iii. ILO Core Labour Conventions	i. Not applicable. SpaBol operates only in Norway and not overseas ii. Norway applies a National Action Plan for the implementation of the UN Guiding Principles. In addition, SpaBol's due diligence processes ensures alignment and compliance iii. All 8 ILO Core Labour Conventions are enshrined in Norwegian law	Aligned
			Green Bond Portfolio Alignment: 94.9% aligned

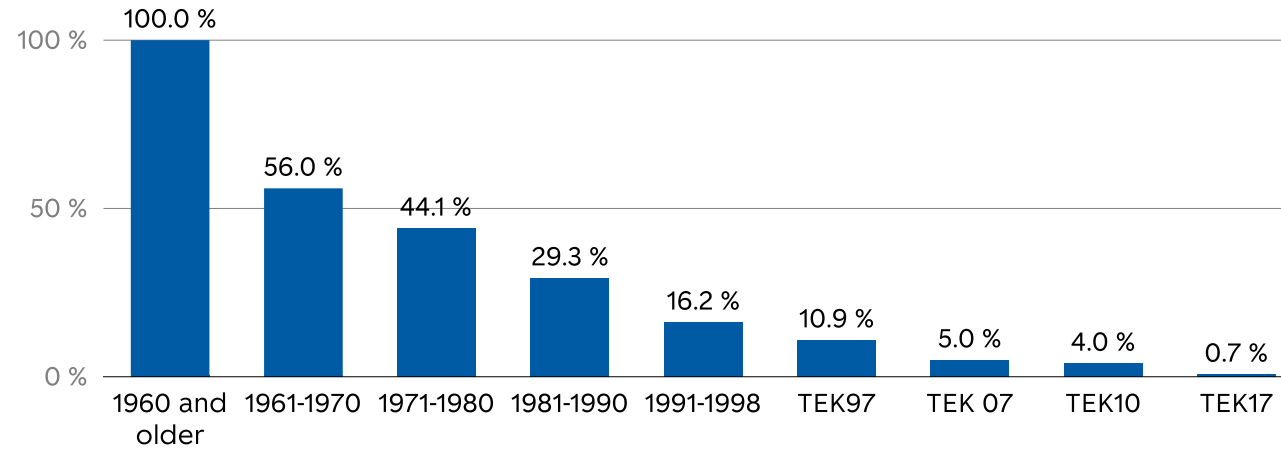
Building stock and green share thereof (newbuilds from 2012)



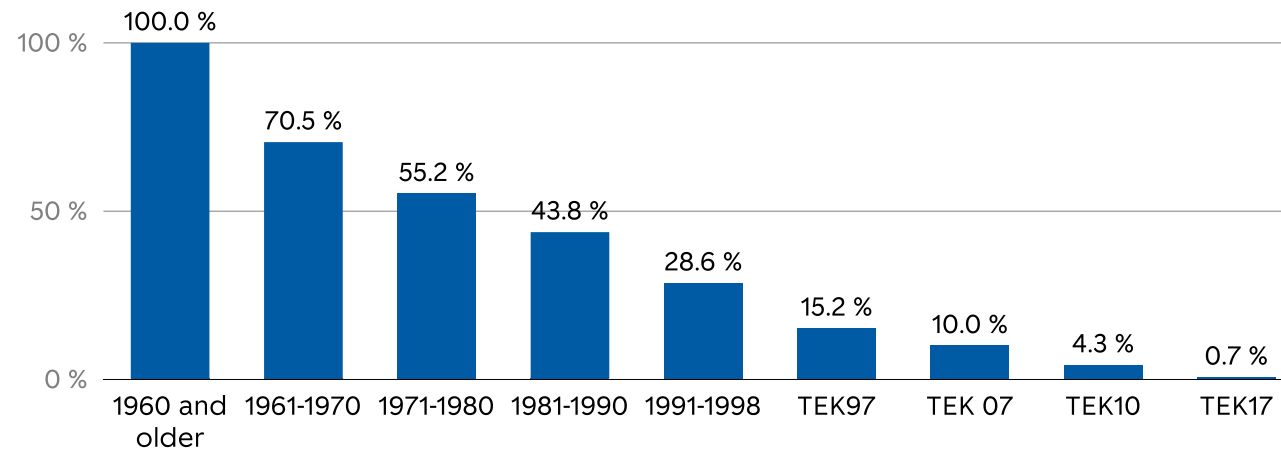
- 10% of residences make up most of the universe for the green portfolio (from the year 2012)
- There are an additional component for A and B EPC labels for properties constructed before 2012
- In total, the green universe is <15% of all residential properties

Building codes, energy, CO₂ emissions

Cumulative share of residential energy heating demand from building year

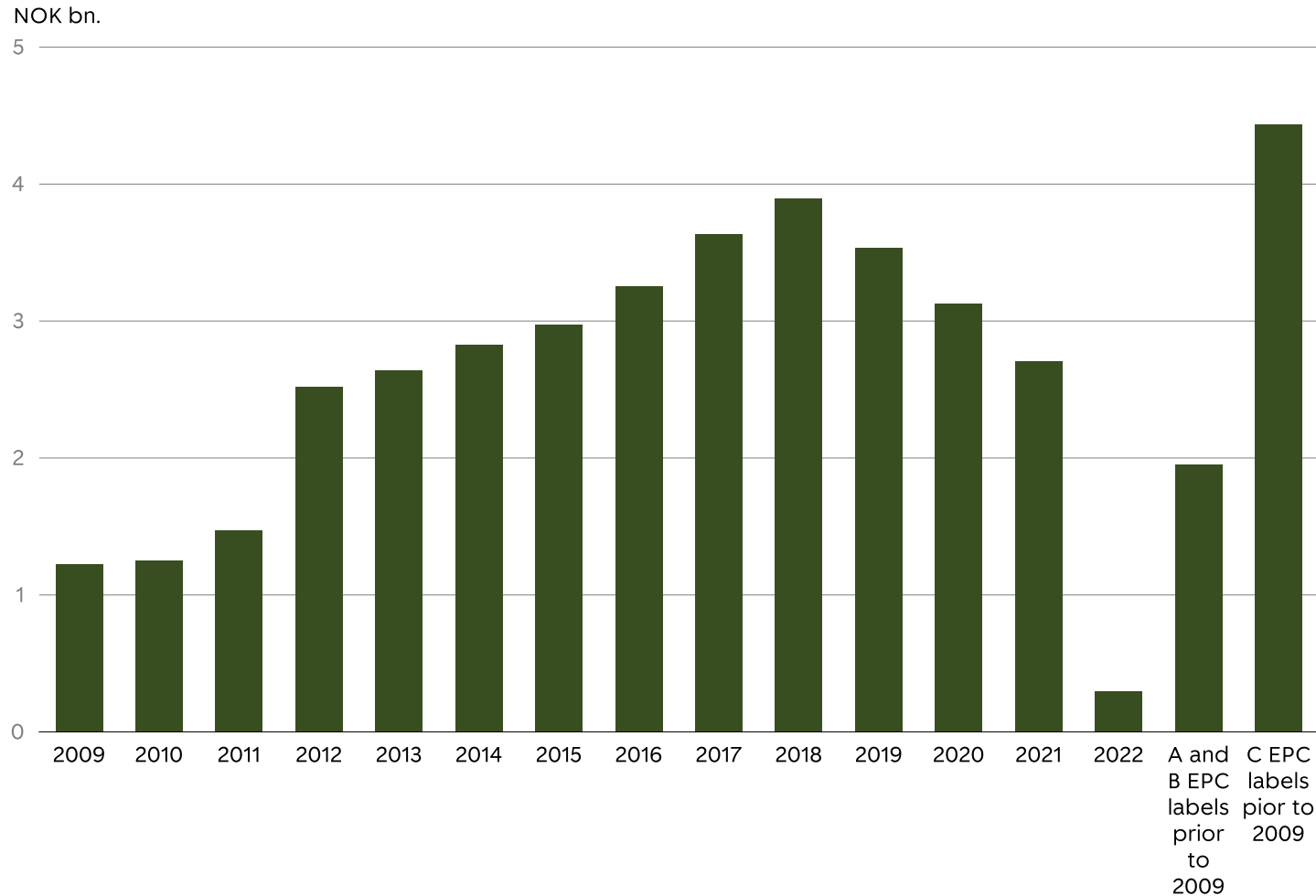


Cumulative share of Co₂ of the residential energy demand



- The SpaBol green Portfolio eligible building stock is 10% of dwellings (previous page)
- That 10% corresponds to 4.0% of energy use, which is the cumulative energy use of all properties constructed from TEK 10 and onwards
- This corresponds to 4.3% of residential estimated CO₂ emissions

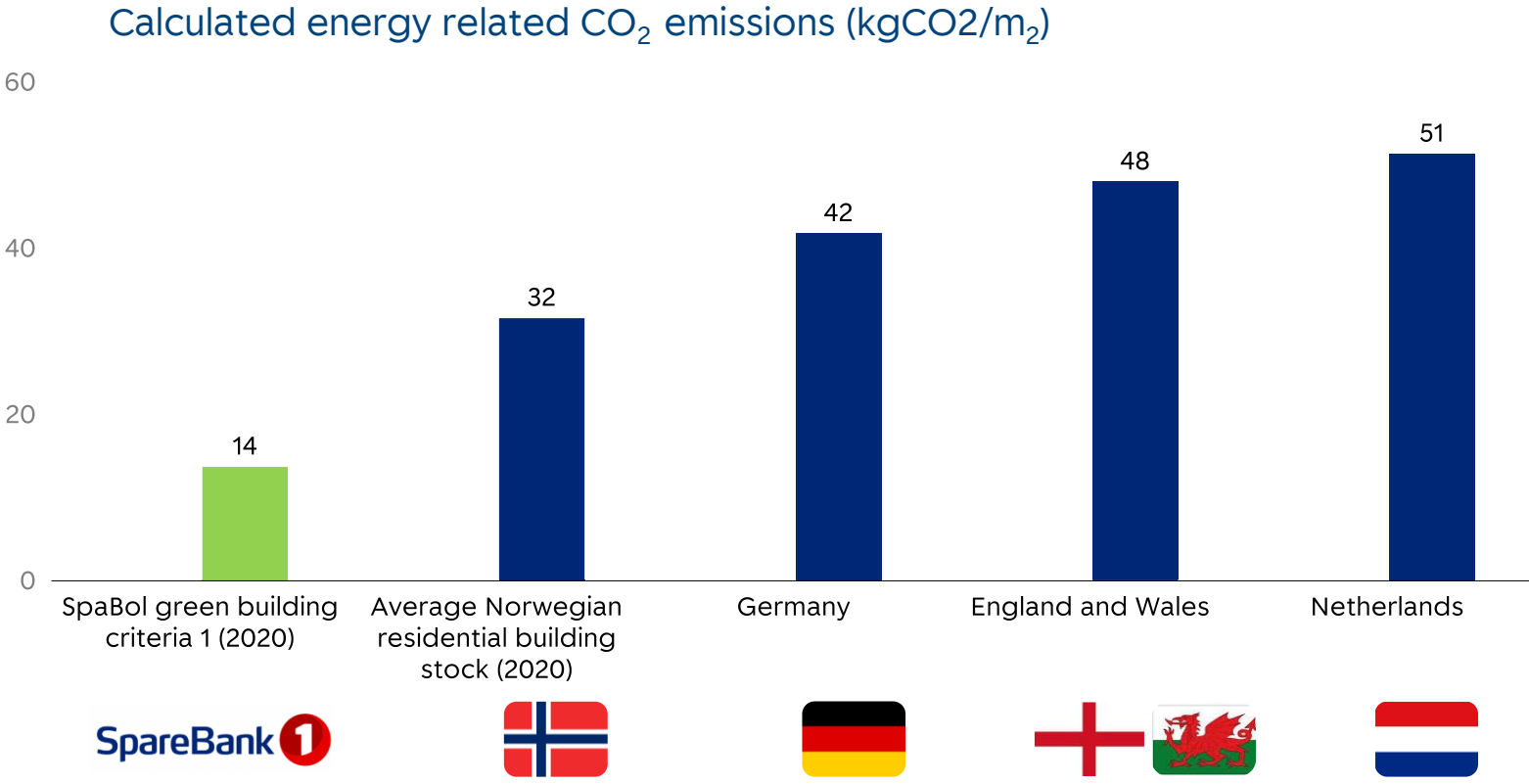
SpaBol green mortgages portfolio



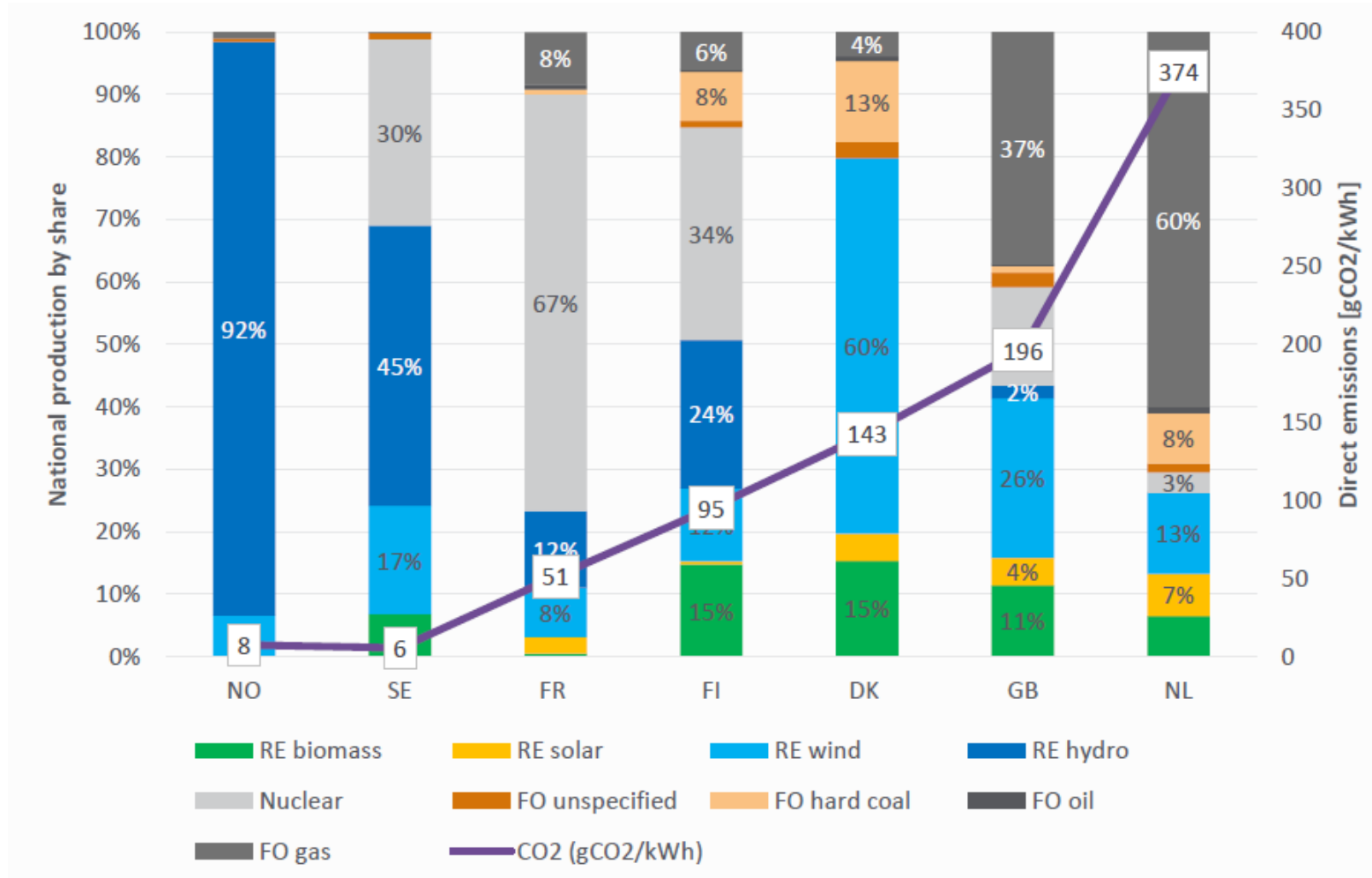
- Volum of approx. NOK 42 bn.
- New residential units: NOK 35.3 NOK Mrd.
- Older units with a high Energy Performance Certificate: NOK 6.4 bn.
- Overall portfolio 238 bn, Green Ratio 17.6%
- EUR 2 bn und SEK 8.5 bn green covered bonds have been issued

- Building years 2009-2011 were categorized as green until June 2021 («grandfathered volume»)
- EPC C were green until June 2021 («grandfathered volume»)
- Building years 2021 and 2022 are also according to top 15%, NZEB not yet available

Green bond impact



Green bond impact – national electricity production mix



New green mortgages offered



Increase energy efficiency in existing buildings

Refurbishment of older buildings

Construction of new energy efficient buildings (EPC A and B)

	Green Mortgage Terms	Interest savings
SpareBank 1 banks	<ul style="list-style-type: none"> Mortgages financing A and B EPC labels residential properties always qualify as a green mortgages Project criteria overlaps with ENOVA (gov energy efficiency agency) criteria for increasing energy efficiency measures 	Generally / average 40 bps savings on a green vs. conventional mortgage (may range from 25 to 50 bps in individual SpareBank 1 banks)

SpareBank 1 Boligkreditt webpage & contact info

Eivind Hegelstad- Director, CFO / Investor Relations

Eivind Hegelstad is CFO and primarily responsible for Investor Relations at SpareBank 1 Boligkreditt.

Eivind Hegelstad, SpareBank 1 Boligkreditt (SpaBol)

SpaBol's parent banks in the SpareBank 1 Alliance are together Norway's second largest financial institution. The banks pursue their covered bond funding jointly through their wholly owned SparBank 1 Boligkreditt subsidiary, a specialist covered bond issuer, which is also a frequent issuer of covered bonds (<https://spabol.sparebank1.no>). Eivind joined SpareBank 1 in his current role in 2011 and worked previously at Citigroup Global Markets. Eivind is a graduate of Germany's Mannheim University Business School and is also a CFA charter holder. He is mainly responsible for investor relations and is also the chief financial officer at SpareBank 1 Boligkreditt.



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