

ASSURANCE REPORT FOR POST-ISSUANCE CERTIFICATION OF THE GREEN BOND

**Issued by SpareBank 1 Boligkreditt
Programmatic approach**

CLIENT:	SpareBank 1 Boligkreditt AS
ISSUING ENTITY:	Multiconsult Norge AS
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For enquiries regarding this report please contact energi@multiconsult.no

Background

Issuing Entity:

SpareBank 1 Boligkreditt AS

SpareBank 1 Boligkreditt (SpaBol) is a Norwegian covered bond issuer jointly owned by the Norwegian saving banks working closely together under the SpareBank 1 brand.

CBI approved verifier:

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In January 2018 SpaBol issued Norway's first green bond backed by mortgages of energy-efficient buildings. The covered pool consists of high quality Norwegian residential mortgages, as well as liquid assets. Under the programmatic approach, the inaugural issuance has been followed by three more issuances as described in the table below.

Spabol has engaged Multiconsult, as CBI approved verifier, to review and verify that SpaBol's Green Bond issuances under the programmatic approach meets the Low Carbon Buildings criteria of the Climate Bonds Standard.

Issuances:

Green Bond ISIN code:	Size:	Issuance date:	Maturity date:
XS1760129608	EUR 1bn	January 2018	January 2025
XS2182121157	SEK 8.5bn	June 2020	June 2025
XS2234568983	EUR 1bn	September 2020	September 2027
XS2624502105	EUR 750 million	19.05.2023	19.05.2030

Subject Matter & Applicable Criteria

The issuances finance and refinance a mortgage asset pool with added environmental value, focusing on energy performance. The bonds refinance an existing mortgage loans portfolio with residential buildings in Norway that comply with:

➤ **The Norwegian building codes TEK10 and TEK17.**

Originally the criteria opened for including TEK07 small residential buildings. Due to building stock development, new loans related to TEK07 buildings are no longer included in the green pool, however, loans originated before 30/06/2021 are grandfathered.

➤ **Energy labels A and B in the Energy Performance Certificate scheme.**

Originally the criteria opened for including energy label C. Due to building stock development, new loans related to energy label C buildings are no longer included in the green pool, however, loans originated before 31/12/2020 are grandfathered.

Both new and existing Norwegian residential buildings that comply with these building codes are eligible for green bonds as they have significantly better energy standards and account for less than 15% of the residential building stock (ref. Appendix B). A two-year lag between implementation of a new building code and the buildings built under that code has been taken into account.

The bond issuances have related to different versions of the Climate Bonds Standard. This verification follow Climate Bond Standard Version 3.0, as this is the standard referred to in the last issuance, and sector criteria Low Carbon Buildings: Residential buildings.

Responsibilities

Issuing Entity (SpaBol)

SpaBol has the responsibility for providing information and documents on its mortgage portfolio, incl. nomination of buildings, management and disbursement of proceeds etc. as per the Climate Bonds Information Form and included in the Issuer's Green Bond Framework.

Verifying Entity (Multiconsult)

The work undertaken as part of this engagement includes confirming the transaction's conformance with the Climate Bonds certification requirements, which include:

- Conformance of issuance with the Climate Bonds Standard Version 3.0;
- Conformance with the Technical Criteria on Low Carbon Buildings for Residential Property;
- Conformance with the Internal Processes & Controls requirements;
- Conformance with Reporting Post-Issuance requirements.

Independence of the Verifier

Multiconsult is a Norwegian globally active independent consulting firm, listed on the Oslo Stock Exchange.

Multiconsult uses an ISO-9001 compliant Quality Management System to ensure high delivery standards towards its clients. The company has set up numerous internal policies – amongst which are the “Quality Policy”, “Policy for Corporate Social Responsibility”, “Ethical Code of Conduct” as well as “HSE and Environment Policy”. Copies of these policies as well as the Multiconsult Management System can be made available upon request.

Our impartiality is of vital importance to our clients and is their guarantee of receiving independent and neutral professional advice. Multiconsult has no vested interests in manufacturing or construction and is a qualified member of the International Federation of Consulting Engineers (FIDIC) through its membership in the Norwegian Association for Consulting Engineers (RIF). We confirm that:

- No members of this verification team are currently engaged in any other work for SpaBol;
- No members of this verification team have developed any current proposals for work with SpaBol;
- Multiconsult does not have any current jobs or proposals with SpaBol on record keeping or compliance management systems that are at all relevant to the Climate Bond Initiative;
- Multiconsult has never advised SpaBol on record keeping or compliance management systems that are at all relevant to the Climate Bond Initiative.

Ref. Appendix D for more information about Multiconsult.

Work Performed

We planned and performed the verification by obtaining evidence and other information and explanations that are considered necessary to obtain a reasonable level of assurance that SpaBol's issuance meets the requirements of the Climate Bond Initiative's Post-Issuance Requirements as described in Parts B and C of Climate Bond Standard Version 3.0 (ref. Appendix C). We believe that the procedures we have performed and the evidence we have obtained are sufficient and appropriate to provide a basis for our conclusion. For this assignment we:

- Reviewed the Issuer's Green Bond Framework that includes processes, systems and controls in place for management of bond proceeds;
- Reviewed the Issuer's Climate Bond Information Form and supporting documentation;
- Reviewed the mortgage portfolio which is associated with the Green Bond and their conformance with eligibility requirements (not raw data but anonymised and restructured by the bank not including date of loan origin).

This assignment has been executed as a desk-study. Clarifying Q&A sessions have been held with SpaBol by phone and e-mails on an as-needed basis.

Because of the inherent limitations in any internal control structure it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period but has been performed as a one-time activity. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Conclusion

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects, the Issuer's four issuances (2018, 2020 and 2023 EUR and 2020 SEK) are not in conformance with the Climate Bonds Standard's Post-Issuance Requirements.

Multiconsult conducted the post-verification in accordance with the Climate Bond Standard Version 3.0 and with International Standard on Assurance Engagements 3000 (Assurance Engagements other than Audits or Reviews of Historical Information). The verification included Climate Bond Standard Version 3.0 sector criteria Low Carbon Buildings (Residential buildings).

Multiconsult's verification approach draws on an understanding of the risks associated with conforming to the Climate Bond Standard Version 3.0 and the controls in place to mitigate these. Multiconsult planned and performed the verification by obtaining evidence and other information and explanations that Multiconsult considers necessary to give limited assurance that the SpaBol Green Bonds continues to meet the requirements of the Climate Bond Standard Version 3.0.

We refer to the following appendices for the list of documents reviewed (Appendix A), proxy methodology (Appendix B) and detailed process summary (Appendix C).



Mari Sofie Berlin Furu

Head of Renewable Energy Advisory Services

Multiconsult Norge AS

15.08.2023

APPENDICES

Appendix A: List of Documents Reviewed

Appendix B: Proxy Methodology and Eligible Volume
(Eligible Residential Buildings in the SpaBol Portfolio)

Appendix C: Audit Procedures and Findings

Appendix D: About Multiconsult



Appendix A: List of Documents Reviewed

Document Title	Publishing Responsible	Publishing Date
Portfolio of eligible assets provided by Issuer as database extract in XLS	SpareBank 1 Boligkreditt	30.06.2023
“SpareBank 1 Boligkreditt Green Bond Framework” including: <ul style="list-style-type: none"> a) SpareBank 1 Sustainability Strategy b) SpareBank 1 Boligkreditt Green Bond Framework c) Use of Proceeds d) Process for Project Evaluation and Selection e) Management of Proceeds f) Reporting g) External review 	SpareBank 1 Boligkreditt	August 2021
Updated analysis of EPC-data and building statistics	Multiconsult	April 2023
Second Party Opinion	Sustainalytics	16.09.2019
“Climate Bond Information Form”	SpareBank 1 Boligkreditt	Multiple

Appendix B: Proxy Methodology

The Climate Bonds Initiative (CBI) proxy methodology for energy efficient residential buildings for Norwegian conditions was published in spring 2018 and is in line with the methodology that SpaBol applied to select energy efficient buildings from its mortgage pool. The methodology is based on CBI taxonomy, where the top 15 % most energy efficient buildings are considered eligible based on either building code or Energy Performance Certificate (EPC).

Building Code

Net energy demand is calculated for buildings built as per the Norwegian building codes. Note that for residential buildings there was no change between TEK07 and TEK10 with regards to energy efficiency, hence the shared bars for TEK07 and TEK10 on Figure 1. The result presented in Figure 1 illustrates how the calculated energy demand declines with decreasing age of the buildings. From TEK10 to TEK17 the reduction is about 15 % and the former shift from TEK97 to TEK07 was no less than 25%.

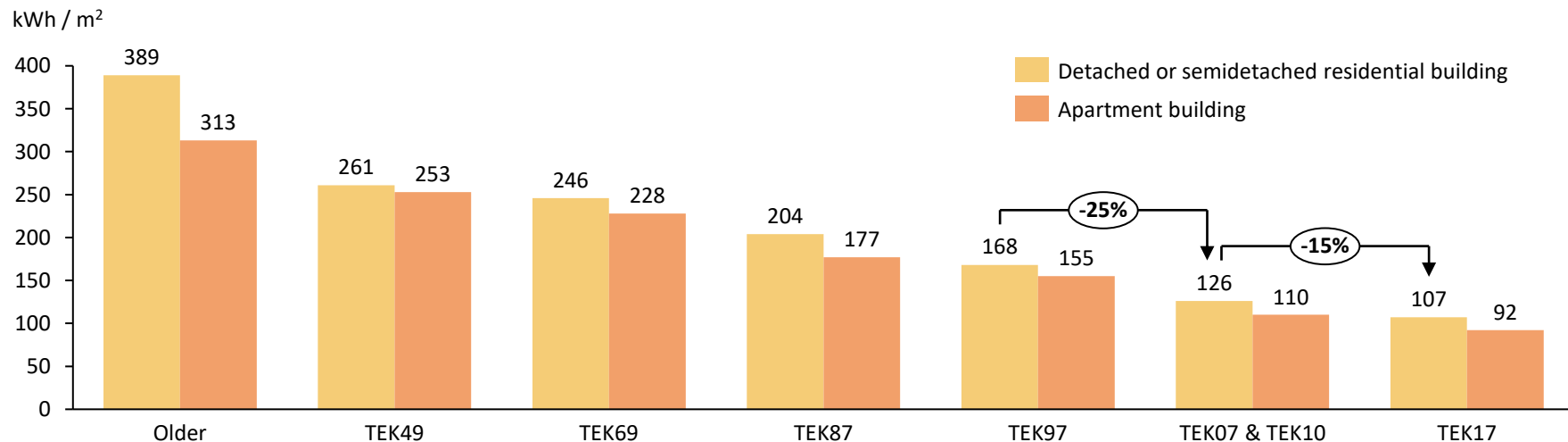


Figure 1. Development in calculated specific net energy demand based on building code and building tradition (Multiconsult, simulated in SIMIEN)

Figure 2 below shows the statistics on Norwegian residential building stock and how it is distributed by age, adjusted by new intervals to adhere to the latest editions of the building code. Buildings finished in 2012 and later (and built according to TEK10 or TEK17) amount to 12% of the total stock. Based on theoretical energy demand in the same building stock, the same 12% of the stock makes up for only 5% of the energy demand in residential buildings.

Note that the selection process is in its simplicity only to sort the portfolio by building year and building category.

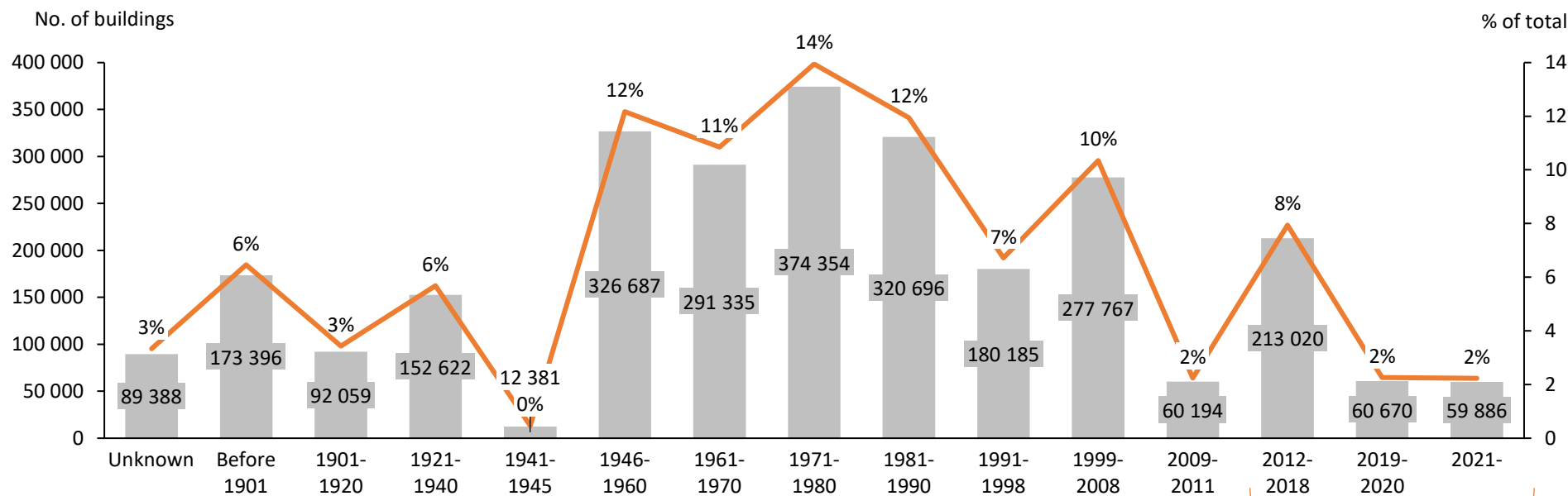


Figure 2. Amount and share of residential buildings built in various years (Statistics Norway and Multiconsult) TEK10/TEK17

Energy Performance Certificate

The Climate Bonds Initiative proxy methodology for energy efficient residential buildings for Norwegian conditions published in 2018 included energy labels A, B and C. Since then, the building stock and EPC data have evolved, and, as figure 4 illustrates buildings with A or B would now account for 8% of the residential building stock and be well within the top 15%. The SpaBol eligibility criteria are adjusted to ensure compliance with a 15% threshold.

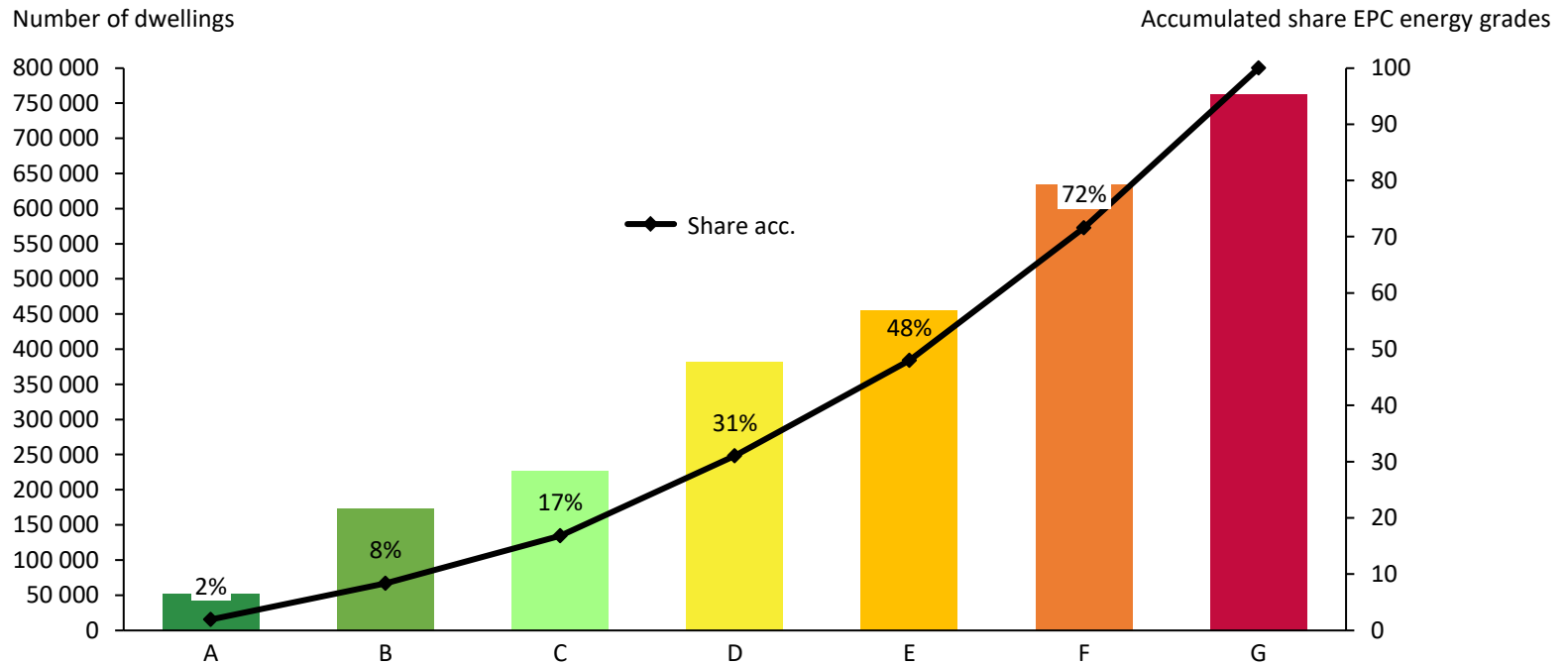


Figure 3. EPC energy labels corrected for the considerable overrepresentation of newer buildings in the database (Multiconsult, EPC database)

Eligible Volume

The figure below shows the size of the eligible part of the portfolio in investment value (NOK million) and area (1000 m²) as of June 2023. The total value is calculated to approximately NOK 50 billion, while the allocation through four green bond issuances accumulates to about NOK 32 billion.

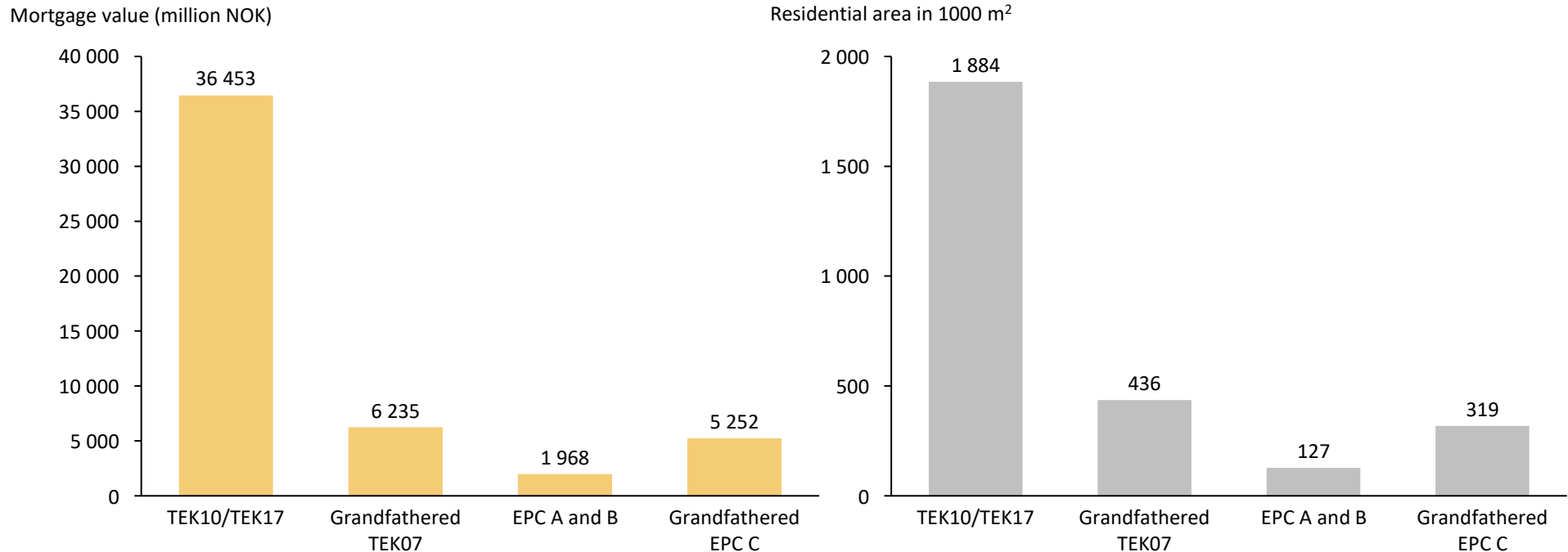


Figure 4A and 4B. Eligible residential buildings in the SpaBol portfolio: mortgage value in million NOK and thousand square meters of residential space (SpaBol/ Multiconsult)

Appendix C: Audit Procedures and Findings

Eligibility Criteria	Procedure	Findings
Compliance to Part B in the Climate Bonds Standard: Post-Issuance Requirements	Examination of the information presented in Climate Bond Information Form and E-mail correspondence to determine if Part B (Issuance Requirements) is met.	<ul style="list-style-type: none"> • Issuer's information indicates adequate measures to meet the General Requirements. • A dedicated Green Bond Committee has been established to create this Green Bond Framework. The Committee consists of certain members of the SpareBank 1 Boligkreditt Board (which are also CFOs in SpareBank 1 Alliance member banks) as well as SpareBank 1 Boligkreditt's management. The Committee will manage any future updates to the Framework, including expansions to the list of Eligible Categories, and oversee its implementation. In practice, the Committee will have responsibility for the Green Bond Framework, while the actual green asset identification (energy efficient residential housing according to the CBI verified criteria) will be completed by the Issuer's management working with its loan database/IT system.
Compliance to Part B in the Climate Bonds Standard: Requirements for Specific Bond Types	Examination of the information presented, considering that applicable Bond Type is Securitized Bond (earmarked)	<ul style="list-style-type: none"> • The Issuer has in the Climate Bond Information Form described how the Issuer shall maintain the earmarking process to manage and account for funding to the Nominated Assets. • The green assets will be held in the covered pool which contains mortgages for all of SpareBank 1 Boligkreditt's covered bond issuances. The Issuer will report regularly on the green assets section of the covered pool (vs. outstanding green covered bonds) in its statistical supplement for the pool (covered pool reporting) which is presented on the Issuer's website.
Compliance to Part C: in the Climate Bonds Standard Eligible Projects & Assets	Verification of the portfolio data (unique identifier, amount, building type, area) for buildings to determine if assets meet the Low Carbon Buildings technical criteria and Climate Bonds Taxonomy.	<ul style="list-style-type: none"> • The total mortgages in the portfolio that meet the requirements of the Low Carbon Buildings technical criteria and Climate Bonds Taxonomy amount to about 55% higher than the size of the amount issued, i.e., size of issued bonds combined is significantly lower than value of applicable portfolio.

Compliance with Climate Bonds Standard

Part B: Post-Issuance Requirements

Requirement	Finding
5. Use of Proceeds	
5.1. The Net Proceeds of the bond shall be allocated to the Nominated Projects & Assets.	SpareBank 1 will allocate an amount equal to the net proceeds of the green finance instruments to an eligible loan portfolio of new and existing green loans (“Eligible Green Loan Portfolio”). The eligible loans are to be funded in whole or in part by an allocation of an amount equal to the proceeds from the green finance instruments. SpareBank 1’s green finance instruments will finance and/or refinance, in whole or in part, Eligible Green Loans (“Eligible Loans”). Eligible Green Loans are defined as loans that meet the Green Eligibility Criteria defined in the Green Bond Framework and referenced in Appendix B. Green assets are already all in place in the covered pool ahead of bond issuance.
5.2. All Nominated Projects & Assets shall meet the documented objectives of the Bond as stated under Clause 6.1.1 and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.	
5.3. The Issuer shall allocate the Net Proceeds to Nominated Projects & Assets within 24 months of issuance of the Bond, or the Issuer shall disclose in post-issuance reporting as per clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects & Assets. Net proceeds may be reallocated to other Nominated Projects & Assets at any time while the Bond remains outstanding.	
5.4. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments.	<p>The issuer has confirmed that Nominated Projects & Assets will not be nominated to other Certified Climate Bonds Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds).</p> <p>A dedicated Green Bond Committee will oversee implementation of the proceeds from bond issuance.</p> <p>During the life of the Green Bonds, and upon becoming aware, if a loan ceases to fulfil the eligibility criteria, SpareBank 1 Boligkreditt will remove the loan from the Eligible Green Loan Portfolio and replace it, when necessary, for the balance as soon as reasonably practicable. SpaBol <u>may</u> request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor.</p>

Compliance with Climate Bonds Standard

Part B: Post-Issuance Requirements

Requirement	Finding
5. Use of Proceeds (continued)	
5.5. Where a proportion of the Net Proceeds of the Bond are used for refinancing, the Issuer shall track the share of the Net Proceeds used for financing and refinancing and identify which Nominated Projects & Assets may be refinanced.	A mix, some dwellings are new (most) others are refinanced. SpaBol is the specialist issuers which finances mortgages with covered bonds for its 12 owner banks.
5.6 The Net Proceeds of the Bond shall be tracked by the Issuer following a formal internal process.	A dedicated Green Bond Committee oversee implementation of the proceeds from bond issuance. SpaBol has set up a process of evaluation and selection. Projects financed and/or refinanced through the Green Bond proceeds are evaluated and selected based on compliance with the eligibility criteria set forth in the Use of Proceeds by SpaBol's Green Bond Committee.
5.7 The Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects & Assets, or the relevant proportion of the total Market Value of the Nominated Projects & Assets which are owned or financed by the Issuer.	SpaBol intends to designate sufficient eligible loans in the Eligible Green Loan Portfolio to ensure that its outstanding balance of Eligible Green Loans always exceeds the total balance of all outstanding Green Bonds. For each new Green Bond issuance, where necessary, additional Eligible Green loans will be added to this Eligible Green Loan Portfolio to ensure the sufficient and timely allocation of the incremental net proceeds.
6. Process for Evaluation and Selection of Projects & Assets	
6.1. The Issuer shall document and maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets.	<p>A dedicated Green Bond Committee oversee implementation of the proceeds from bond issuance. The green assets will be held in the covered pool which contains mortgages for all of SpareBank 1 Boligkreditt's covered bond issuances.</p> <p>During the life of the Green Bonds, and upon becoming aware, if a loan ceases to fulfil the eligibility criteria, SpareBank 1 Boligkreditt will remove the loan from the Eligible Green Loan Portfolio and replace it, when necessary, for the balance as soon as reasonably practicable. SpaBol has implemented processes to determine the eligibility of nominated assets.</p> <p>SpaBol has set up a process of evaluation and selection. Projects financed and/or refinanced through the Green Bond proceeds are evaluated and selected based on compliance with the eligibility criteria set forth in the Use of Proceeds by SpaBol's Green Bond Committee.</p>

Compliance with Climate Bonds Standard

Part B: Post-Issuance Requirement

Requirement	Finding
7. Management of Proceeds	
7.1. The Net Proceeds of the Bond shall be credited to a sub account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.	The net proceeds of the green finance instruments issued will be managed by SpareBank 1 in a portfolio approach. SpareBank 1 intends to allocate the proceeds from the green finance instruments to an Eligible Green Loan Portfolio, selected in accordance with the Eligibility Criteria set out in Use of Proceeds and Process for Project Evaluation and Selection above. Pending the full allocation to the Eligible Loans Portfolio, SpareBank 1 will hold and/or invest the balance of net proceeds not yet allocated in its treasury liquidity portfolio (in cash or cash equivalents, money market funds, etc.).
7.2. The Issuer of the Bond shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets as described in Clause 3.1.3.	A dedicated Green Bond Committee will oversee implementation of the proceeds from bond issuance. The green assets will be held in the covered pool which contains mortgages for all of SpareBank 1 Boligkreditt's covered bond issuances. The Issuer will report regularly on the green assets section of the cover pool (vs. outstanding green covered bonds) in its statistical supplement for the pool (cover pool reporting) which is presented on the Issuer's website.
7.3. While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Projects & Assets.	Pending the full allocation to the Eligible Loans Portfolio, SpareBank 1 will hold and/or invest the balance of net proceeds not yet allocated in its treasury liquidity portfolio (in cash or cash equivalents, money market funds, etc.).
8. Reporting	
The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding and shall include Allocation Reporting, Eligibility Reporting, where Eligibility Reporting is relevant for the Nominated Projects & Assets, and Impact Reporting.	The Issuer will report regularly on the green assets section of the cover pool (vs. outstanding green covered bonds) in its statistical supplement for the pool (cover pool reporting) which is presented on the Issuer's website. SpareBank 1 Boligkreditt intends to report to investors within one year from the date of a Green Bond transaction and annually thereafter, until the proceeds have been fully allocated. Reporting will be carried out primarily on the Issuer's website. Both allocation report and impact report will be made available via the SpaBol website: <ul style="list-style-type: none"> • The allocation report will provide, on a portfolio basis, on indicators such as the total amount of proceeds allocated to eligible loans; the number of eligible loans; the balance of unallocated proceeds or the amount or the percentage of new financing and refinancing • The impact report provide, on a portfolio basis, on indicators such as: estimated ex-ante annual energy consumption in kWh/m² or energy savings in MWh; estimated annual GHG emissions reduced/avoided in tons of CO₂ equivalent

Compliance with Climate Bonds Standard

Part C: Eligibility of Projects & Assets

Requirement	Finding
9. Climate Bonds Taxonomy	
9.1. Nominated Projects & Assets, as identified by the Issuer under Clauses 1.1 and 5.1, shall fall into one or more of the investment areas listed as included in the Climate Bonds Taxonomy.	Only one sector specific criteria is applicable: Use of Proceeds dept related to Residential buildings (mortgages on energy efficient housing as per CBI baseline).
10. Sector Eligibility Criteria	
10.1. Nominated Projects & Assets shall meet the specific eligibility requirements provided in the relevant Sector Eligibility Criteria documents. If there are different versions of the relevant Sector Eligibility Criteria documents, then the version which was current at issuance of the bond may be used for demonstration of the eligibility of Nominated Projects & Assets for the duration of the bond.	Eligible assets are buildings that comply with criteria specified in SpaBol’s framework and conform with the relevant eligibility requirements under Part B of the Climate Bonds Standards. Ref. Appendix B for proxy methodology and nomination of SpaBol assets.

Appendix D: About Multiconsult

Multiconsult is **one of the leading firms of consulting engineers** in Norway and Scandinavia, with 2845 permanent staff and expertise spanning a wide range of disciplines within our **7 core activity areas**:



With the company's **roots dating back to 1908**, we have over the past 115 years carried out several thousand international assignments **in more than 100 countries worldwide**.

With its highly skilled engineers and economists, Multiconsult is able to provide a range of services including **multidisciplinary consulting and design, project engineering and management, verification, inspection, supervision and architecture**.

Sustainability is important to us, and thanks to our **specialist expertise in health, safety and the working environment, environmental management, risk assessment and BREEAM**, we are able to help our customers to identify and implement environmental goals, in order to facilitate sustainable development. Our strategy states that HSE shall always have priority over financial considerations.

Multiconsult utilises an integrated, multidisciplinary approach and emphasises an open and continuous dialogue with our clients in order to jointly reach the best solutions possible. We strongly emphasise **responsibility, openness, integrity, knowledge sharing and environmental sustainability** in our projects.

In addition to business in Norway, Multiconsult Group includes subsidiaries in Denmark, Poland, Singapore, Sweden, Tanzania and the UK. Our network of partners ranges from Africa, Asia, Central and South America, Europe and Middle East to North America. This enables Multiconsult to provide its expertise and resources to **customers throughout the world**.

For more information about the company, visit <http://www.multiconsultgroup.com>