



DNB Boligkreditt

A photograph of a field of white daisies with yellow centers, set against a sunset sky with soft, golden light. A teal semi-transparent banner is overlaid on the image.

Green Covered Bonds

January 2019



Best Euro Deal 2018
DNB 1,5 bn 7y
Green Covered Bond

Summary

DNB Boligkreditt's green covered bond framework

The proceeds will be used to finance the most energy efficient residential buildings in Norway

Structured in line with the Green Bond Principles

Second party opinion from Sustainalytics

Certification from Climate Bonds Initiative



Identification of the most energy efficient buildings

- Eligibility criterion for DNB's green covered bond:

Residential buildings completed in 2012 or later

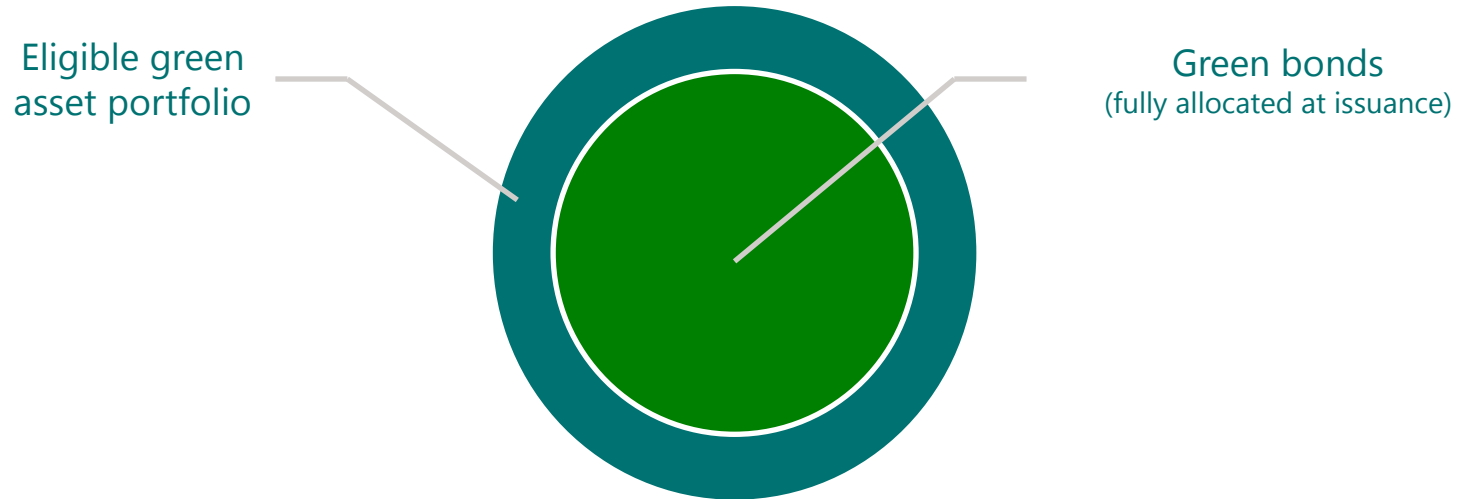
(derived from the implementation of the TEK10 and TEK17 building codes)

- Methodology developed by Multiconsult as EPC-labels are not available.
- Within the country specific criteria from Climate Bonds Initiative and within the top 15 per cent "best in class"-approach.
- Considered by Sustainalytics to be a robust method to identify the most energy efficient residential buildings.

~NOK 55bn eligible green assets

(within 15 % of the most energy efficient residential buildings in Norway)

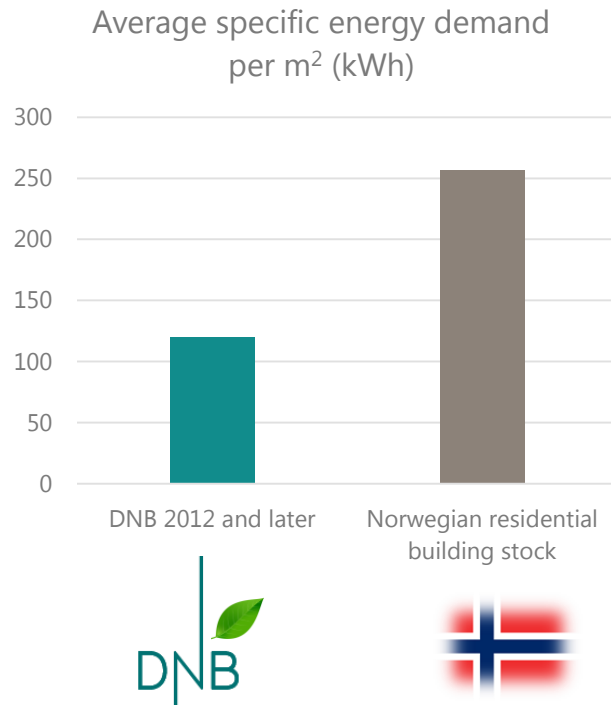
Management of proceeds



- An aggregated portfolio approach has been used to manage the green assets
- Eligible green assets at all times exceeds all outstanding green liabilities
- The Green Bond Committee will ensure ongoing compliance with the eligibility criteria

Estimated CO₂ reduction in DNB's eligible green portfolio

The Eligible Portfolio has an estimated average energy consumption of less than 50 per cent of the Norwegian average consumption



Reduced energy consumption of 304 GWh per year on DNB's total eligible green portfolio¹

Reduced CO₂-emissions of 38,000 tons per year

Equivalent to:

- 44,759 acres of forest
- 16,186,076 liters of gasoline consumed



¹ Source: Multiconsult – estimated as of May 2018,

² www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

Reporting

- The allocation and impact reporting will be provided on indicators such as:



- All relevant reporting will be made available on DNB's website

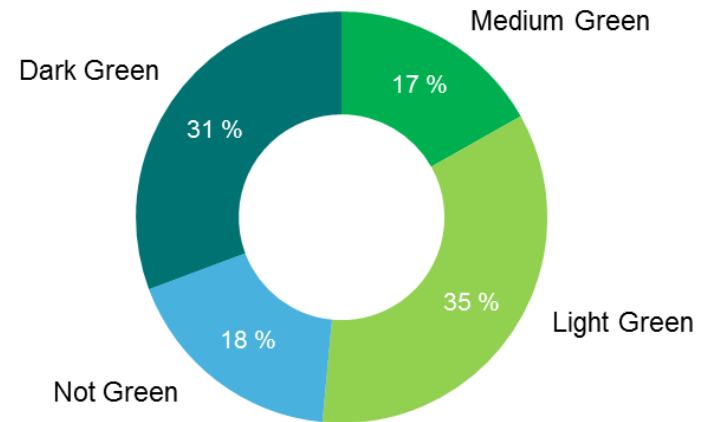
Second party opinion

- *“Sustainalytics views DNB Boligkreditt’s intended allocation of bond proceeds to a loan portfolio for energy-efficient residential buildings in Norway as **impactful**”*
- *“DNB Boligkreditt’s green covered bond issuance will **contribute to Norway’s climate targets and the broader EU climate targets**”*
- *“**The eligibility criterion used is robust**, given the credible data sources used to establish the underlying methodology”*



DNB Boligkreditt's Inaugural Green Covered Bond

- Inaugural Green Covered Bond issued June 2018
 - EUR 1,500,000,000
 - 7 years due 2025
 - Fixed rate



Best Euro Deal 2018

Further information and contact details

For further information see:

<https://www.ir.dnb.no/funding-and-rating/green-covered-bonds>

For credit related information see the general

[Debt Investor Presentations](#)

For other information see:

<https://www.ir.dnb.no/funding-and-rating>

The screenshot shows the DNB website page for Green Covered Bonds. The header includes the DNB logo and navigation links: About DNB, Press and reports, The share, Financial calendar, Funding and rating, Capital framework, Interactive analysis, and Contact. Below the header is a large image of white daisies with a teal overlay containing the text 'Green Covered Bonds'. The main content area includes a sidebar with a menu and a main text block titled 'DNB Green Covered Bonds'. The sidebar menu includes: About DNB, Press and reports, The share, Financial calendar, Funding and rating, Rating, Debt investor presentations, Green Covered Bonds (highlighted), Funding programmes, Cover pool data, Capital framework, Interactive analysis, and Contact. The main text block includes: DNB Green Covered Bonds, DNB Boligkredit AS is a wholly-owned subsidiary of DNB Bank ASA and the DNB Group's vehicle for covered bonds issuance based on residential mortgages. DNB Boligkredit AS has around NOK 400 billion in covered bonds outstanding and a cover pool of more than NOK 600 billion of residential mortgages. DNB has appointed Multiconsult as advisor to establish criteria to identify the most energy efficient residential mortgages in its cover pool. Based on building code requirements and the building year of each residential building, DNB has identified a portfolio of green loans currently corresponding to approximately 8 per cent of the cover pool, eligible for issuance of Green Covered Bonds. Green Covered Bonds suits well with DNB's overall strategy, where Corporate Responsibility has been raised as one of four priorities to be incorporated in all processes in DNB. DNB has obtained a second party opinion from Sustainalytics and been granted a pre-issuance certificate from Climate Bonds Initiative. DNB Green Covered Bond Investor Presentation, DNB Green Covered Bond Framework, Multiconsult Report on Green Residential Buildings, Sustainalytics Second Party Opinion, CBI Pre-Issuance Certificate, Green Covered Bond Allocation report, and DNB general Debt Investor Presentations.

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Appendix

DNB Boligkreditt Green Covered Bond Framework

Compliant with ICMA's Green Bond Principles



Use of Proceeds

- New and existing mortgages for energy efficient residential buildings

Process for Project Evaluation and Selection

- Building years are used as a proxy to select eligible green assets (≥ 2012)
- Eligible buildings are amongst the top 15 % of the most energy efficient residential buildings in Norway

Management of Proceeds

- The proceeds will be managed in a portfolio approach
- Outstanding green bond < eligible green assets
- DNB's Green Bond Committee will ensure ongoing compliance

Reporting

- Reporting will be reflected on a portfolio basis
- Allocation and impact reporting
- A preliminary CO₂ impact report shows around 50 % energy saving vs. the average Norwegian home

Green Bond Allocation Report September 2018



DNB Boligkreditt AS - Green Covered Bond Allocation Report 3Q18

As of 30 September 2018 DNB Boligkreditt AS had an Eligible Green Loan Portfolio of NOK 56 764 000 000 and a total amount outstanding Green Covered Bonds of NOK 14 153 000 000 (EUR 1 500 000 000).

All of the Green Covered Bonds proceeds have been allocated to green assets. Usage of green assets is 24.9 per cent.

DNB Green Covered Bond Allocation Report – 3Q18	
Eligible Green Loan Portfolio - Houses completed after 1 January 2012 (TEK10 or later)	NOK 56 764 000 000
Outstanding Green Covered Bonds (XS1839888754)	NOK 14 153 000 000 (EUR 1 500 000 000)
Percentage of proceeds allocated to green assets	100 %
Percentage of new financing / refinancing	0 % / 100 %
Usage of green assets	24.9 %

Sustainability within DNB

DNB's approach to Sustainability

Climate and Environment



- Measure and report on climate risk
- Enhance energy efficiency of operations
- Promoting continual environmental improvements and establish internal targets
- Encouraging the development of sustainable technology and solutions
- Promote environmental responsibility and sustainable management of water resources

Human Rights and Social Responsibility



- Respecting and enhancing human rights
- Working to achieve dialogue and cooperation with stakeholders
- Promoting diversity among the Group's employees
- Responsible lending and Responsible Investing (exclusion of some sectors)
- Supporting socially useful objectives and securing important social values






Corporate Responsibility



- High ethical standards and sound corporate governance
- Open, clear and honest communication to all stakeholders
- Zero tolerance for corruption
- Transparency and verifiability
- Implementation of ESG screening in the supply chain

Corporate responsibility in DNB is about how the Group creates value by considering both risks and opportunities in a long-term perspective

DNB is a leader in terms of sustainability ratings

Rating provider	Rating
	Prime status
	87/100 in the Sustainalytics Rating (Ranked 3 rd out of 344 financial institutions)
	A rating
	Grade A – (part of the 'A list') Only Nordic financial institution on the global 120 company 'A list'
 FTSE4Good	3.9 rating (out of 5)

DNB's sustainability journey



Please refer to the appendix for a detailed breakdown of the global sustainability initiatives that DNB supports

Sustainability is a central part of DNB's strategy

Conscious choices that make a difference to society

Selected areas of priority

Alignment with UN SDGs

Environmental effort

- Actively seeking to reduce energy and minimize waste to operate in a more environmentally friendly manner



Responsible investments

- No investment in companies that contribute to grave harm to the environment, gross corruption or violation of human and labour rights
- Instead, we support companies that contribute positively to society



Responsible lending

- Sector guidance notes to ensure that credit decisions are in accordance with DNB's principles for corporate responsibility
- More emphasis on CSR and ESG risk in credit processes



Promote innovation and restructuring

- As a major Norwegian bank, DNB reflects the Norwegian society and embraces challenges and opportunities

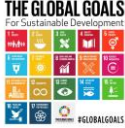








Sustainable personal finances






- Contribute to create financial stability for individuals
- Committed to promoting sustainable personal finances
- Ensuring that people make sound financial decisions



DNB's support of global sustainability initiatives

Initiative	Significance and role
United Nations Sustainable Development Goals	 <ul style="list-style-type: none"> DNB endorsed the United Nations Development Goals in 2016, a joint working plan to end poverty, reduce inequalities and stop climate change by 2030. The United Nations Sustainable Development Goals comprise 17 goals and 169 targets. The goals seek to provide a common global direction for countries, the business community and civil society.
United Nations Global Compact	 <ul style="list-style-type: none"> DNB is a long-standing supporter of Global Compact, an important compass for companies' global corporate social responsibility (CSR) work.
United Nations Environment Programme Finance Initiative (UNEP FI)	 <ul style="list-style-type: none"> DNB participates in one of UNEP FIs working groups whose mandate is to develop practical guidelines to help financial institutions assess risk in their credit and investment portfolios relating to carbon sensitivity
The OECD's guidelines for multinational companies	 <ul style="list-style-type: none"> For DNB, the OECD's guidelines are fundamental both for the Group's governing documents for CSR and for its practical work
The UN Guiding Principles on Business and Human Rights	 <ul style="list-style-type: none"> The Group's activities shall not violate the rights of others, and human rights principles are laid down in DNB's policy for corporate social responsibility. The United Nations Guiding Principles on Business and Human Rights are also reflected in the guidelines for ethical investments and play a key role in DNB's exercise of ownership rights
Principles for Responsible Investment (PRI)	 <ul style="list-style-type: none"> DNB participates in the initiative to show its commitment to responsible and sustainable investment operations, to benefit from a global investor network and to receive suggestions to improve internal processes
Global Reporting Initiative (GRI)	 <ul style="list-style-type: none"> GRI has developed an internationally recognised standard for the reporting of economic, environmental and social conditions which DNB finds suitable for its own operations DNB uses the GRI Standards reporting framework

DNB's support of global sustainability initiatives

Initiative	Significance and role
<p>The Equator Principles</p> 	<ul style="list-style-type: none"> ▪ DNB adopted the Equator Principles in 2008 and has since used this framework to manage environmental and social issues in project finance ▪ 2014, the Equator Principles were extended to apply to project-related advisory services, project-related corporate loans and bridge loans. DNB also uses the extended framework.
<p>CDP</p> 	<ul style="list-style-type: none"> ▪ DNB reports to CDP to help improve the quality of reporting key environmental information such as the emission of greenhouse gases. ▪ CDP enables DNB's investors to compare the Group's environmental work and results with those of others
<p>The Norwegian forum for responsible and sustainable investments (Norsif)</p> 	<ul style="list-style-type: none"> ▪ DNB wishes to contribute to promoting knowledge of and further developing the field of responsible investing ▪ DNB is represented on the association's Board of Directors
<p>Green Bond Principles</p> 	<ul style="list-style-type: none"> ▪ DNB signed the principles in May 2014. ▪ DNB has used Green Bond Principles both when arranging green bonds for customers and when issuing the Group's own green bonds
<p>RE100</p> 	<ul style="list-style-type: none"> ▪ DNB DNB joined RE100 in 2016 and is thus committed to procuring 100% of its consumed electricity from renewable sources of energy ▪ DNB signed the principles in May 2017.
<p>The Responsible Ship Recycling Standard (RSRS)</p> 	<ul style="list-style-type: none"> ▪ DNB wished to raise the bar in the industry related to working conditions and environmental issues. ▪ RSRS members recognize that ship recycling is part of the shipping industry supply chain, and share concerns that unsustainable shipbreaking can imply adverse environmental and social impacts.
<p>Task Force on Climate Related Financial Disclosure (TCFD)</p> 	<ul style="list-style-type: none"> ▪ DNB signed supporting letter of the initiative in July 2017 ▪ DNB is one of 16 banks that, together with UNEP-FI, is set out to pioneer practical approaches to implementing the new forward-looking framework

DNB's Corporate Governance model is underpinned by a four-tiered framework

Governing documents:

Level 1: Governance Principles

- Purpose and Values
- Code of Conduct
- CSR Principles
- Risk Appetite Principles

Level 2: Policies

- Supplier management Policy
- Risk management Policy
- Compliance Policy
- Operational excellence Policy
- Financial governance and reporting Policy
- Human resources Policy
- Communication Policy
- Security Policy

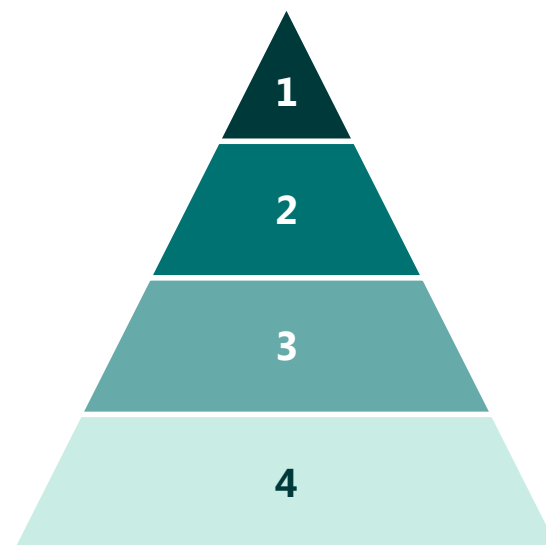
Level 3: Standards

- All the documents at level 3 are linked to one or more policies
- Guidelines are included at level 3

Level 4: Instruction and Rules

- The lowest level in the hierarchy of governing documents comprises instructions and rules
- Examples: Personnel Manual and Accounting Manual

- Level 1: Governance Principles
- Level 2: Policies
- Level 3: Standards
- Level 4: Instruction and Rules



Disclaimer

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