DNB Boligkreditt

PRE-ISSUANCE VERIFICATION LETTER
LOW CARBON BUILDINGS CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement
Period engagement was carried out: April 10, 2018 – May 24, 2018
Approved verifier: Sustainalytics
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Scope and Objectives

DNB Boligkreditt AS (“DNB Boligkreditt”, “DNB” or “the company”) has engaged Sustainalytics to review and verify whether the DNB’s Green Covered Bond meets the requirements under the Low Carbon Buildings criteria of the Climate Bonds Standard.

DNB Boligkreditt AS is a wholly-owned subsidiary of DNB Bank ASA, which is a wholly-owned subsidiary of DNB ASA, Norway’s largest financial services group which has identified responsible finance and corporate responsibility as a key corporate driver and contributor towards the achievement of sustainable development in all of the group’s operations. DNB Boligkreditt is intending to issue a Green Covered Bond to finance or refinance a loan portfolio of new and existing mortgages for energy efficient residential buildings in Norway (“Residential Green Buildings”), supporting the company in its commitment and leadership for sustainability in the Norwegian market. DNB will use the proceeds of the Green Covered Bond to allocate funds to its loan portfolio based on the following eligibility criteria:

- New or existing Norwegian residential buildings that comply with the Norwegian building codes 2010 (TEK10) or 2017 (TEK17)

Sustainalytics highlights that DNB’s eligibility criteria are also compatible with CBI’s proxy methodology for Residential Buildings corresponding to the Norwegian market standards:

- House: TEK (Building Code) 2007
- Apartment TEK (Building Code) 2010

As part of its engagement process with Sustainalytics, DNB Boligkreditt provided a third-party report produced by Norwegian consultancy company Multiconsult, which has developed and applied methodologies to identify selection criteria to be used for DNB’s Green Covered Bond issuance so as to identify the most energy efficient residential buildings in Norway. Sustainalytics has reviewed the Multiconsult report and views positively the role of Multiconsult’s third-party expertise in the development of eligibility criteria and project selection process.

Currently, the above-mentioned criteria define residential mortgages constituting the top 7% in terms of energy performance in the Norwegian residential market, well within the top 15% required by the Climate Bond Standard.

Climate Bonds Standards Criteria

Pre-issuance requirements under Climate Bond Standards Version 2.1:

- Low Carbon Buildings criteria
  - Residential Property Climate Bond

Issuing Entity’s Responsibility

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DNB Boligkreditt was responsible for providing information and documents relating to:

- The details concerning the selection process for the Residential Green Buildings
- The details of the Residential Green Buildings
- The management systems for internal processes and controls for Residential Green Buildings, including: tracking of proceeds, managing unallocated proceeds and earmarking funds to Nominated Projects
- The details of commitments for reporting prior to issuance, including: investment areas, management of unallocated proceeds and frequency of periodic Assurance Engagements

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of DNB's Green Covered Bond, issued to finance eligible green buildings, and provided an independent opinion informing DNB as to the conformance of the green bond with the Pre-Issuance requirements and Low Carbon Buildings criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by DNB Boligkreditt. Sustainalytics is not responsible in any aspect of the Nominated Projects referred to in this opinion including estimates, findings, opinions, or conclusions are incorrect. Thus, Sustainalytics shall not be held liable if any of the information or data provided by DNB's management and used as a basis for this assessment were not correct or complete.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier's Responsibility

The work undertaken as part of this engagement included conversations with relevant DNB Boligkreditt employees and review of relevant documentation to confirm the green bond's conformance with the Climate Bonds Certification Pre-Issuance Requirements, which include:

- Conformance of DNB's Green Covered Bond with the Climate Bonds Standard Version 2.1;
- Conformance with the Technical Criteria on Low Carbon Buildings;
- Conformance with the Internal Processes & Controls requirements;
- Conformance with Reporting Prior to Issuance requirements.

Basis of the Opinion

Sustainalytics conducted the verification in accordance with the Climate Bond Standard Version 2.1 and with International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Information.

Sustainalytics planned and performed the verification by obtaining evidence and other information and explanations that Sustainalytics considers necessary to give reasonable assurance that the DNB's Green Covered Bond meets the requirements of the Climate Bond Standard. Upon reviewing evidence and other information, Sustainalytics is of the opinion that DNB Boligkreditt will ensure compliance with Climate Bond Standard requirements.

Sustainalytics has relied on the information and the facts presented by DNB Boligkreditt. Sustainalytics is not responsible for any aspect of the Nominated Projects referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, Sustainalytics shall not be held liable if any of the information or data provided by DNB Boligkreditt management and used as a basis for this assessment were not correct or complete.
Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, DNB’s Green Covered Bond is not in conformance with the Low Carbon Buildings criteria of the Climate Bond Standard Pre-Issuance Requirements.
### Schedule 2A: Pre-Issuance General Requirements

| Selection of Nominated Projects and Assets: | 1.1 Statement on the environmental objectives of the bond |
|                                           | 1.2 Confirmation that Nominated Projects and Assets meet the Climate Bonds Criteria |
|                                           | 1.3 Document a list of Nominated Projects and Assets |
|                                           | 1.4 Confirmation that Nominated Projects and Assets will not be nominated to other Climate Bonds |
|                                           | 1.5 Confirmation that Net Proceeds of the Green Bond shall not be greater than the value of the Nominated Projects and Assets |

| Internal Processes and Controls          | 2.1.1 Tracking of proceeds |
|                                        | 2.1.2 Managing of unallocated proceeds |
|                                        | 2.1.3 Earmarking funds to Nominated Projects and Assets |

| Reporting Prior to Issuance             | 3.1.1 Investment area of Nominated Projects and Assets |
|                                        | 3.1.2 Intended types of temporary investments for the management of unallocated proceeds |
|                                        | 3.1.3 Approach of Verifier |
|                                        | 3.1.4 Whether periodic Assurance Engagement will be undertaken, and the expected frequency of any periodic Assurance Engagements |
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Schedule 2B: Conformance to the Pre-Issuance Requirements

<table>
<thead>
<tr>
<th>Procedure Performed</th>
<th>Factual Findings</th>
<th>Error or Exceptions Identified</th>
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| Verification of requirements specified under Selection of Nominated Projects and Assets | 1.1 The objective of the bond is to primarily use proceeds to finance or refinance a loan portfolio of new and existing mortgages for energy efficient residential buildings in Norway (“Residential Green Buildings”).  
1.2 The Nominated Projects and Assets meet the Low Carbon Buildings criteria of the Climate Bond Standard.  
1.3 The Nominated Projects and Assets include:  
• Loan portfolio of new and existing mortgages for energy efficient residential buildings in Norway (“Residential Green Buildings”)  
1.4 DNB’s management confirms that the projects shall not be nominated to other Climate Bonds.  
1.5 DNB’s management confirms that the net proceeds of the bond shall not be greater than the value of the projects. | None |
| Verification of requirements specified under Internal Processes and Controls | 2.1.1 DNB’s management confirms that proceeds will be tracked in a systematic manner and will be exclusively used to finance Nominated Projects.  
2.1.2 DNB’s management confirms that while any green bond proceeds remain unallocated, DNB will hold and/or invest, at its own discretion, in its liquidity portfolio in money market instruments, the balance of net proceeds not yet allocated to eligible loans.  
2.1.3 DNB’s management has confirmed that the proceeds from the bond will be earmarked and managed by DNB in a portfolio approach. | None |
| Verification of requirements specified under Reporting Prior to Issuance | 3.1.1 DNB’s management confirms that the proceeds of the transaction will primarily be used to finance or refinance a loan portfolio of new and existing mortgages for energy efficient residential buildings in Norway (“Residential Green Buildings”)  
3.1.2 DNB’s management confirms while any green bond proceeds remain unallocated, DNB will hold and/or invest, at its own discretion, in its liquidity portfolio in money market instruments, the balance of net proceeds not yet allocated to eligible loans.  
3.1.3 The bond’s offer letter confirms that an approved third-party verifier has been appointed to confirm the bond’s conformance with pre-issuance requirements of the Low Carbon Buildings criteria of the Climate Bonds Standard.  
3.1.4 The bond’s offer letter confirms that an approved third-party verifier will conduct post-issuance assurance exercise within a year’s time to reaffirm conformance of | 3.1.4: No third-party verifier has been appointed yet to conduct the Post-Issuance assurance exercise. Post-issuance will be carried out 12 months after issuance. However, conducting periodic Assurance Engagements over the term of the bond is at the discretion of the bond issuer, as per CBI guidelines. |
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the bond with the Low Carbon Buildings criteria of the Climate Bonds Standard.

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The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.
Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world’s leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. Global Capital named Sustainalytics the “Most Impressive Second Party Opinion Provider in 2017. In 2018, the firm was recognized as the “Largest External Reviewer” by the Climate Bonds Initiative as well as Environmental Finance. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan for its contribution to the growth of the Japanese Green Bond Market.

For more information, visit www.sustainalytics.com

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