

SR-Boligkreditt AS

POST-ISSUANCE VERIFICATION LETTER

LOW CARBON BUILDINGS CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: December 2020

Approved verifier: Sustainalytics

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Scope and Objectives

In August 2019, SR-Boligkreditt AS (SR-Boligkreditt) issued Certified Climate Bonds (green bonds) aimed at financing and/or refinancing a loan portfolio of new and existing mortgages for energy efficient residential buildings in Norway (“Residential Green Buildings”). In 2020, SR-Boligkreditt engaged Sustainalytics to review the loans funded through the issued green bonds and provide an assessment as to whether the loans met the Post-Issuance Requirements (Part A, Part B and Part C) of the Climate Bonds Standard.

Green loan portfolio includes:

- apartments compliant with building codes TEK10 or TEK17
- other residential dwellings compliant with building codes TEK07, TEK10, and TEK17
- dwellings that have EPC labels of A, B, or C

Schedule 1 provides details of the green loan portfolio and Disbursement of Proceeds.

Compliance Evaluation Criteria

Post-issuance requirements under Climate Bonds Standards Version 2.1:

- Part A: General Requirements - All the requirements in Part A shall be met to be eligible for post-issuance certification.
- Part B: Eligible Loans & Assets - Part B requirements shall be met based on the loans & assets associated with the bond and the specified eligibility criteria.
- Part C: Requirements for Specific Bond Types - Part C requirements shall be met to be eligible for post-issuance certification and are used selectively, depending on the type of bond in question.

Issuing Entity’s Responsibility

SR-Boligkreditt is responsible for providing accurate information and documentation relating to the details of the loan portfolio that have been funded, including description of projects, total cost of each loan, and disbursed amounts.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of SR-Boligkreditt’s green bond, issued to finance green buildings in Norway, and provided an independent opinion informing SR-Boligkreditt as to the conformance of the green bond with the Post-Issuance requirements and Low Carbon Buildings criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by SR-Boligkreditt with respect to the Loan Portfolio. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by SR-Boligkreditt.

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

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

The work undertaken as part of this engagement included conversations with relevant SR-Boligkreditt employees and review of relevant documentation to confirm the conformance of SR-Boligkreditt’s green bonds with the Programmatic Post-Issuance Requirements (Part A, Part B and Part C) of the Climate Bonds Standard Version 2.1.

Exceptions

No exceptions were identified. All loans aligned with the Post-Issuance requirements of the Climate Bonds Standard and were in conformance with the Low Carbon Buildings criteria.

Conclusion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the allocation of EUR 500 million from the SR-Boligkreditt Green Covered Bond, issued to fund eligible green loans, is not in conformance with the Post-Issuance requirements of the Climate Bonds Standard.

Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Compliance to Part A: General Requirements	Verification of 9,015 loans funded by the green bond in 2019 to determine if Part A: General Requirements were met (See Schedule 2A and 2A).	All 9,015 loans reviewed complied with the General Requirements.	None
Compliance to Part B: Eligible Loans & Assets	Verification of 9,015 loans funded by the green bond in 2019 to determine if loans fall into (i) one of the investment areas of the Climate Bonds Taxonomy (ii) meet the Low Carbon Buildings technical criteria.	All 9,015 loans fall under the Low Carbon Buildings criteria and meet the Low Carbon Buildings technical requirements.	None
Compliance to Part C: Requirements for Specific Bond Types	Bond Type Applicable: Use of Proceeds Bond.	The requirements of Project Holding, Settlement Period and Earmarking have been met.	None

Schedule 1: Detailed Overview of Loan Portfolio and Assets

Based on Sr-Boligkreditt's eligibility criteria, a two year lag between implementation of a new building code and the buildings built under that code must be taken into account. This means that all residential apartment buildings finished in 2012 and later and all other residential dwellings finished in 2009 and later are all eligible under this criterion.

Details of the Loan Portfolio are provided below:

Eligibility Criteria	# of loans
Apartments compliant with building codes TEK10 or TEK17	1,835
Other residential dwellings compliant with building codes TEK07, TEK10, and TEK17	5,161
Dwellings that have EPC labels of A, B, or C	2,019
Total	9,015

Schedule 2A: Post-Issuance General Requirements of the Climate Bonds Standard

Loan Portfolio & Assets	<p>4.1 Statement on the environmental objectives of the bond</p> <p>4.2 Loan Portfolio meet the Climate Bonds criteria</p> <p>4.3 Confirmation that Loan Portfolio and Assets will not be nominated to other Climate Bonds</p>
Use of Proceeds	<p>5.1 Net Proceeds of the bond allocated to the Loan Portfolio</p> <p>5.2 Funds allocated to Loan Portfolio within 24 months of issuance of the bond</p> <p>5.3 Estimate of the share of the Net Proceeds used for financing and re-financing</p> <p>5.4 Net Proceeds of the bond shall be tracked by the Issuer following a formal internal process</p> <p>5.5 Net Proceeds of the bond shall be no greater than the total investment or the total Fair Market Value of the Loan Portfolio & Assets at the time of issuance</p>
Non-Contamination of Proceeds	<p>6.1 Tracking of proceeds</p> <p>6.2 Managing of unallocated proceeds</p> <p>6.3 In the case of a Force Majeure, the Issuer may apply to the Climate Bonds Standard Board for an extension to the asset allocation period</p>
Confidentiality	<p>7.1 Information about the Loan Portfolio & Assets provided to the Verifier and to the Climate Bonds Standard Board</p> <p>7.2 Issuer should disclose information about the bond and the Loan Portfolio & Assets to the market</p>
Reporting Post-Issuance	<p>8.1 Report containing the list of Loan Portfolio & Assets to which proceeds of the bond have been allocated</p>

Schedule 2B: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard

Procedure Performed	Factual Findings	Error or Exceptions Identified
Verification of Loan Portfolio & Assets	<p>4.1 The objective of the bond is to primarily use proceeds to finance loan portfolio of new and existing mortgages for energy efficient residential buildings in Norway (Loan Portfolio).</p> <p>4.2 SR-Boligkreditt's management confirms that the Loan Portfolio meet the Eligibility Criteria.</p> <p>4.3 SR-Boligkreditt's management confirms that the loans shall not be nominated to other Climate Bonds.</p>	None
Verification of requirements specified under Use of Proceeds	<p>5.1 Net Proceeds of the bond have been allocated to the 9,015 loans.</p> <p>5.2 SR-Boligkreditt's management has confirmed that funds have been allocated to Loan Portfolio at the date of the issuance.</p> <p>5.3 SR-Boligkreditt's management has confirmed that all Net Proceeds of the bond were used for refinancing only.</p> <p>5.4 SR-Boligkreditt's management has confirmed that Net Proceeds of the bond shall be tracked by the Issuer following a portfolio approach.</p> <p>5.5 SR-Boligkreditt's management has confirmed that the Net Proceeds of the bond shall be no greater than the total investment in the Loan Portfolio or the Total Development Cost of the Loan Portfolio.</p>	None
Verification of requirements specified under Non-Contamination of Proceeds	<p>6.1 SR-Boligkreditt's management confirms that the proceeds have been segregated and tracked in a systematic manner and were exclusively used to finance Loan Portfolio.</p> <p>6.2 SR-Boligkreditt's management confirms that pending the investment of proceeds, the Net Proceeds were held in cash or other liquid instruments.</p> <p>6.3 N/A</p>	None
Verification of requirements specified under Confidentiality	<p>7.1 SR-Boligkreditt's management confirms that all relevant information about the Loan Portfolio has been provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard.</p> <p>7.2 SR-Boligkreditt's management confirms that all relevant information about the bond and the Loan Portfolio has been disclosed to the market.</p>	None
Verification of requirements specified under Reporting Post-Issuance	<p>8.1 SR-Boligkreditt's management has provided a report containing the list of Loan Portfolio to which proceeds of the bond have been allocated (See Schedule 1).</p>	None

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