

SPAREBANKEN SØR

**Pre-issuance Green & Sustainability Bond
Impact Report**

2019



Sparebanken Sør Green and Sustainability Bond report

Year: 2019

In accordance with the Sparebanken Sør Green and Sustainability Bond Framework 2019 and with the recommendation on impact reporting provided by the Technical Expert Group (TEG) via its report on the EU Green Bond Standards¹, this document provides:

1. A description of Green Projects
2. The breakdown of Green projects by nature of what is being financed
3. Metrics regarding projects' environmental impacts

Description of the Eligible Projects

Under the Green & Sustainability Bond Framework, Sparebanken Sør and its wholly owned subsidiary Sparebanken Sør Boligkreditt AS can issue two different types of bonds:

- a) **"Green Covered Bonds"** – bonds whose proceeds will be used to finance or refinance, in part or in full, new and/or existing green residential buildings (as defined in the section "Use of Proceeds" below). Green Covered Bonds will be issued by Sparebanken Sør's dedicated covered bond issuance entity: 'Sparebanken Sør Boligkreditt AS'.
- b) **"Sustainability Senior Bonds"** – bonds whose proceeds will be used to finance or refinance, in part or in full, new and/or existing green and social projects (as defined in the section "Use of Proceeds" below). Sustainability Senior Bonds will be issued by Sparebanken Sør.

Eligibility Criteria to select the Eligible Green Project Portfolio are set out in the Sparebanken Sør Green and Sustainability Bond Framework 2019. Such Eligibility Criteria comply with the recommendation of the Technical Expert Group (TEG) report on the EU Taxonomy.

Sparebanken Sør Boligkreditt AS: Green Covered Bonds

In accordance with the Sparebanken Sør Green and Sustainability Bond Framework 2019, Sparebanken Sør Boligkreditt AS can issue Green Covered Bonds and aims to allocate the net proceeds of the Green Covered Bonds to a loan portfolio of new and existing loans in the following category:

- o **Residential Green Buildings²:** New residential buildings belonging to the top 15% most energy-efficient buildings of the local building stock and refurbished residential buildings which achieved energy savings of at least 30% in comparison to the baseline performance of the building before the renovation.

Sparebanken Sør: Sustainability Senior Bonds

In accordance with the Sparebanken Sør Green and Sustainability Bond Framework, Sparebanken Sør can issue Sustainability Senior Bonds and aims to allocate the net proceeds to a portfolio of loans in the following categories:

- o **Commercial Green Buildings:** New commercial buildings belonging to the top 15% most energy-efficient buildings of the local building stock and refurbished commercial buildings which achieved energy savings of at least 30% in comparison to the baseline performance of the building before the renovation.
- o **Access to Essential Services:** Loans for activities that support healthcare, social care, education and vocational training in Norway and in emerging countries located in South America, Africa and Asia. Examples of projects are:
 - i. ***Healthcare and social care:*** Loans for activities that support public/free/subsidised health and social care, in Norway and in emerging countries (e.g. construction and equipment hospitals, clinics and healthcare centres for the provision of public/free/subsidised healthcare services, acquisition of medical equipment or provision of diagnostic services, emergency medical response and disease control, programmes for the promotion of health and well-being). Eligible projects will service all citizens, including vulnerable population groups such as the elderly, and physically or mentally dependent persons and populations with limited access to essential services in emerging countries.
 - ii. ***Education and vocational training:*** Loans for activities that expand the access to free and/or subsidised primary, secondary, adult and vocational education in Norway and in emerging countries (e.g. construction of kindergartens, schools, university campus buildings and/or facilities at any public and non-profit university campus, student housing). Eligible projects will include all populations, including minority groups (e.g. educational grants, educational and/or professional training).

In case of a Sustainability Senior Bond issuance, the impact reporting may provide additional detail on Eligible Social Projects within the Social Bond Principles ("SBP") Eligible Category "Access to Essential Services".

Breakdown of Green projects by nature of what is being financed: 100% Financial Assets

¹ TEG report on EU Taxonomy, published in June 2019: https://ec.europa.eu/info/files/190618-sustainable-finance-teg-report-green-bond-standard_en

² The form of green residential building financing may relate to traditional mortgages, tenant-owners' rights and other housing cooperative schemes.

Metrics regarding projects' environmental impacts: Portfolio based green bond report in accordance with the ICMA Harmonized Framework for Impact Reporting (version June 2019)³

For green buildings, Sparebanken Sør has appointed a specialist green real estate consultant, Multiconsult ASA, to develop the methodology for the estimation and calculation of the impacts.

The impact table below only refers to the Eligible Residential Green Buildings, within Sparebanken Sør Boligkreditt's cover pool.

| Eligible Project Category | Eligible portfolio (NOKbn) | Share of Total Financing | Eligibility for Green Bonds | Reduced energy compared to baseline (in GWh/year) | Reduced CO2-emissions compared to baseline (in CO2/year) |
|-----------------------------|----------------------------|--------------------------|-----------------------------|---------------------------------------------------|----------------------------------------------------------|
| a/ | b/ | c/ | d/ | e/ | f/ |
| Green Residential Buildings | ~11bn | 100% | 100% | 118 GWh/year | 14,400 tons CO2/year |

Portfolio based green bond report in accordance with the ICMA Harmonized Framework for Impact Reporting (version June 2019):

a/ Eligible Category

b/ Signed amount represents the amount legally committed by the issuer for the portfolio or portfolio components eligible for Green Bond financing

c/ This is the share of the total portfolio cost that is financed by the issuer

d/ This is the share of the total portfolio costs that is Green Bond eligible

e/ f/ Impact indicators

- Estimated reduced energy (in GWh/year)
- Estimated annual reduced emissions in tons of CO2 /year

³ Handbook – Harmonized Framework for Impact Reporting (Version June 2019): <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Handbook-Harmonized-Framework-for-Impact-Reporting-WEB-100619.pdf>

