

Eika Boligkreditt

Investor presentation - Green Bond Framework

February 2022



Agenda

- ESG at Eika
- Eika Boligkreditt's Green Bond Framework
- Contact
- Disclaimer

Strategic framework for sustainability in the Eika Alliance

- Eika uses an integrated strategy for the whole Eika Alliance, which sets a common standard for ambitions and goals based on a suitable ESG framework for sustainability
- The Eika vision of <<We strengthen the local bank>> describes our desired future development. Our core business thereby supports the moral and ethical compass of the local banks and the societal engagement discharged by the local savings banks in the Eika Alliance
- 3 pillar approach: (i) **sustainable local growth and change**, (ii) **sustainable financial products**, and (iii) **responsibility and sustainability in internal operations**

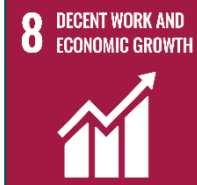


Local bank 2023 Initiative
Strong and caring local banks. Driving force for growth and development for you and your local community

Eika's main UN SDG & UNEP contributions



Eika Alliance supports the following SDG's and considers that the most relevant approach is to give emphasis to:



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Make cities and human settlements inclusive, safe, resilient and sustainable

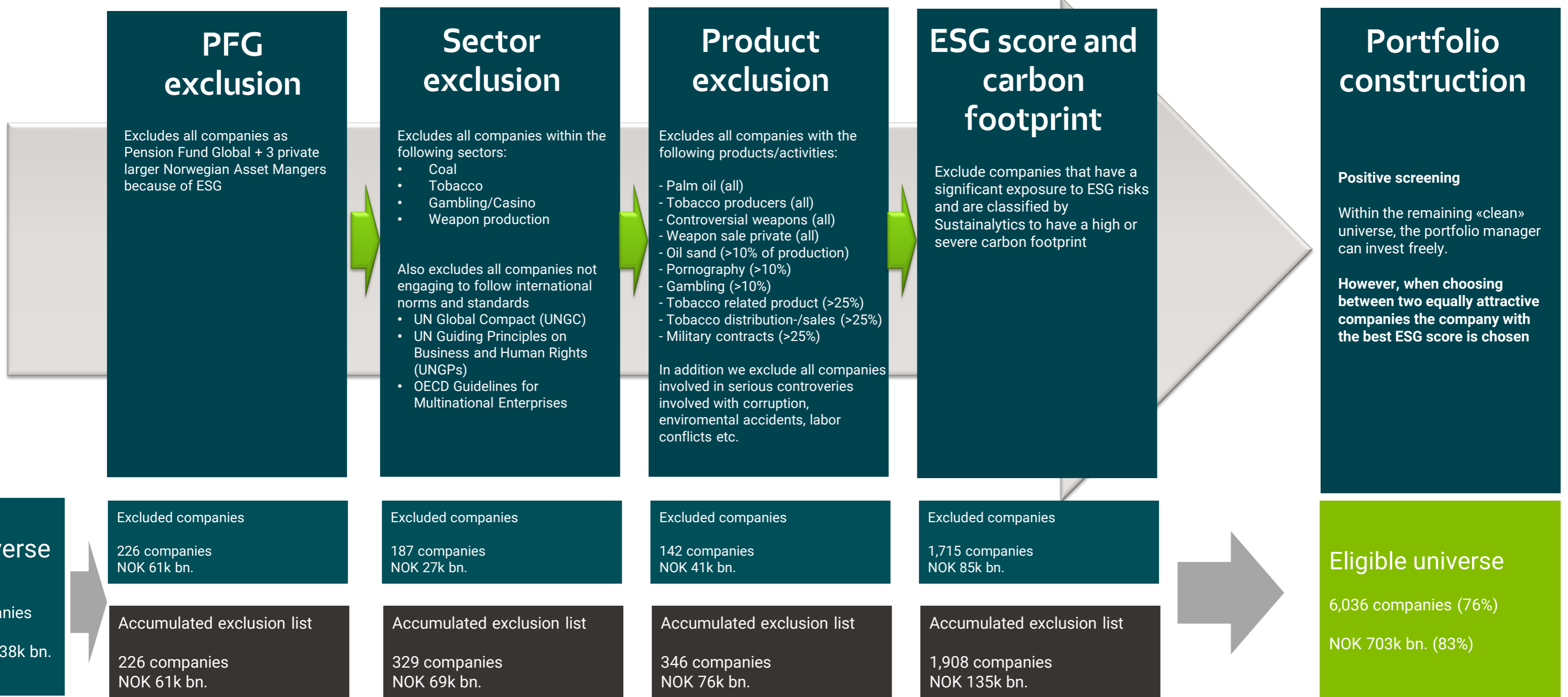


Take urgent action to combat climate change and its impacts

Eika Gruppen has signed the UN Environment Programme Finance Initiative (UNEP-FI), pledging to follow UN guidance for banks in their sustainability efforts

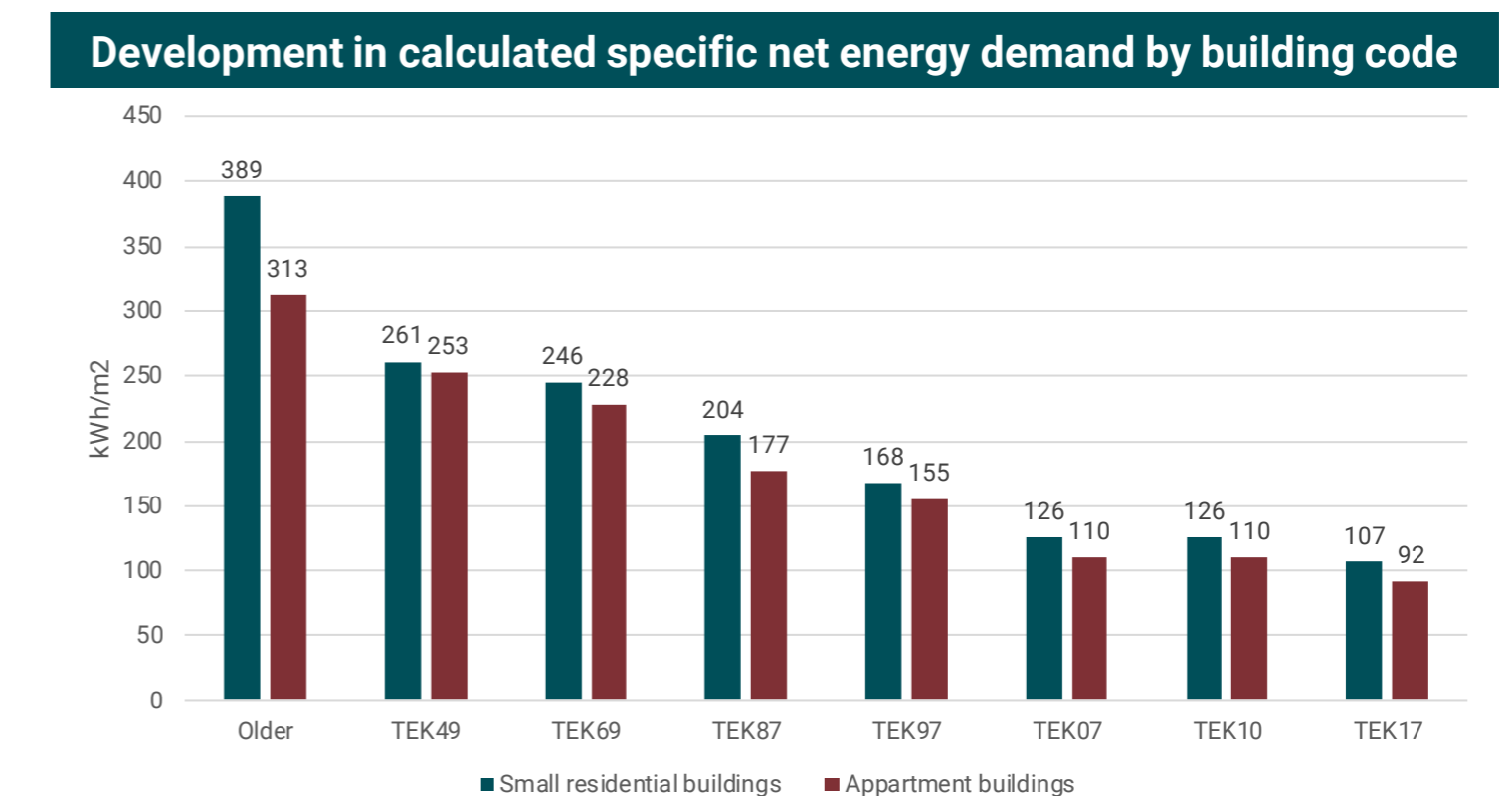
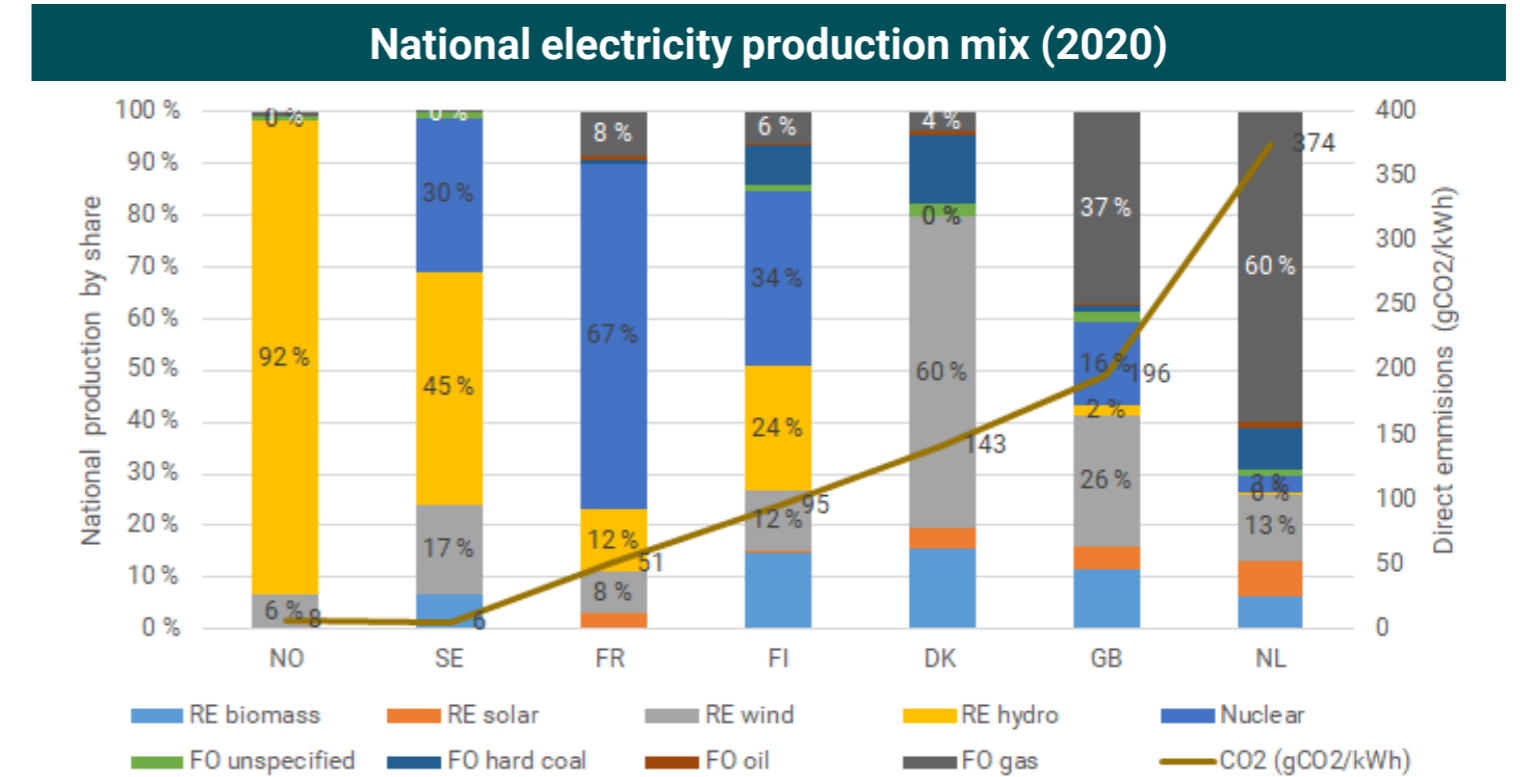
1. Align its business strategy to be consistent with and contribute to individuals' needs and society's goals in accordance with the SDGs
2. Continuously increase its positive impacts and ESG managing risks to, people and the environment and, to this end, establish and publish targets for areas where the most significant impacts can be achieved
3. Work responsibly with the local banks and customers to encourage sustainable practices
4. Proactively and responsibly consult, engage with and partner with relevant stakeholders to achieve society's overarching goals
5. Pursue its commitment to these principles by implementing effective management tools and a culture of responsible banking
6. Periodically review its individual and collective implementation of these principles and be transparent about and accountable for its positive and negative impacts and its contribution to society's overarching

ESG screening for all investments – a four step process



CO2 Footprint Analysis of the Cover Pool – Background

- Norwegian buildings are predominantly heated with electricity
- Norway has one of the greenest energy source mix for electricity (>98% renewable energy, 92% Hydro & 6% wind)
- The carbon intensity for the lifetime of a Norwegian residential building = 111g CO₂/Kwh, this compares to much higher carbon intensities for other European countries¹
- Over time, residential buildings in Norway have become more energy efficient – analyzing building codes provides a robust proxy as this data is available for the entire building stock (unlike EPC labels which represent 44% of all buildings)
- With each new building code, energy efficiency standards for buildings have improved over time
- Multiconsult has estimated the CO₂ footprint of the entire Eika cover pool on this basis

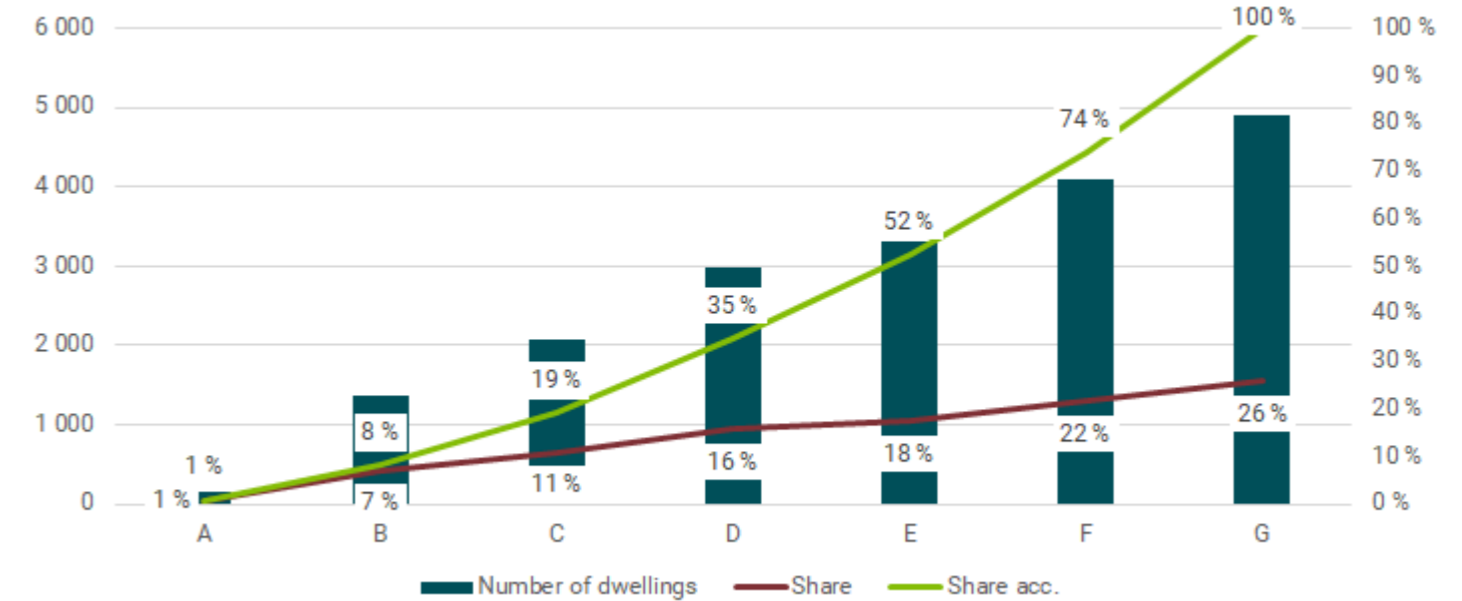


¹ taking into account the importing of electricity via the interconnected European grid

CO2 Footprint Analysis of the Cover Pool – 2021

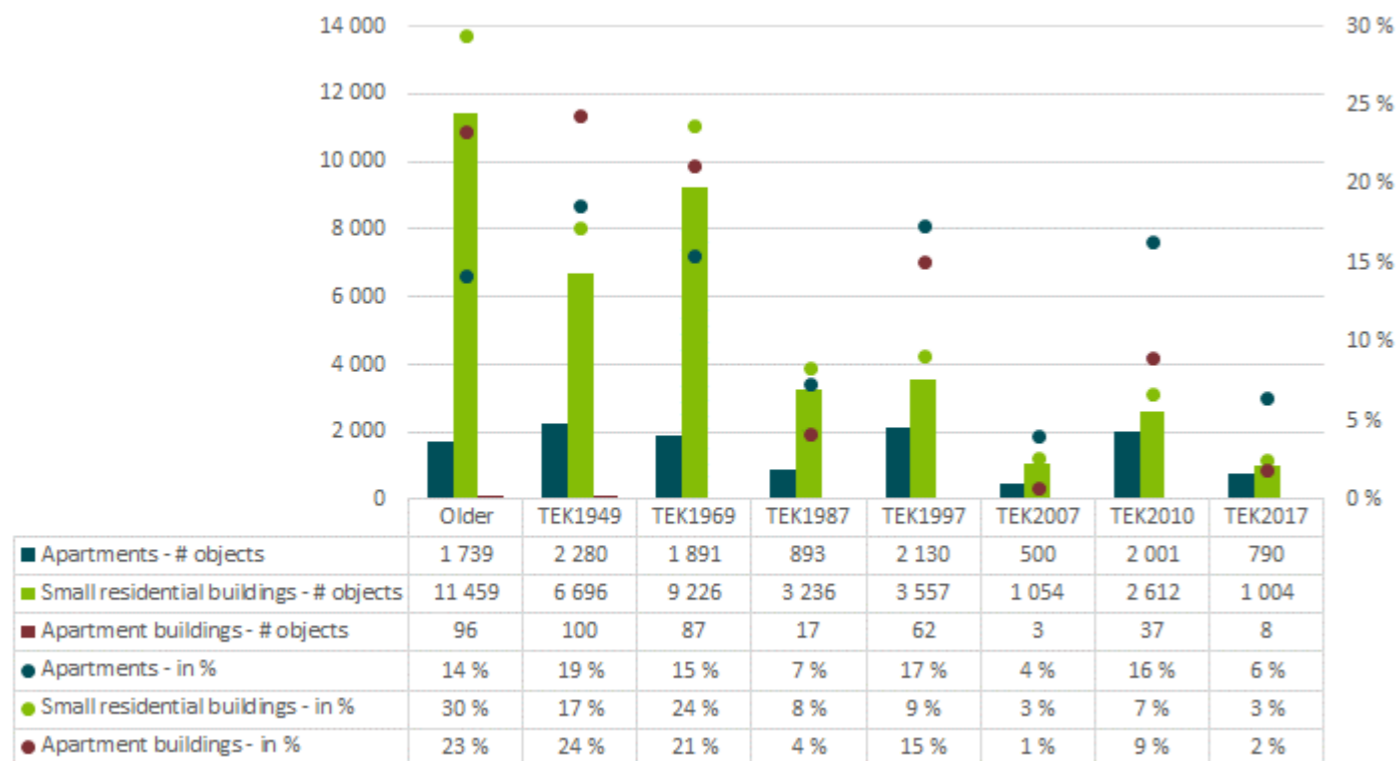
- As part of our 'Strategic Framework for Sustainability', Eika values increased disclosure in terms of scope 3 carbon impact
- The current portfolio, as of December 31st 2021, represents:
 - Yearly energy demand of 2 504 GWh
 - Yearly emissions of 192 273 tons CO₂ eq. based on European production mix (2019/20) and 15 201 tons CO₂ eq. based on Norwegian production mix (2019/20) for Eika funded share of collateral

Distribution of the Eika cover pool by EPC label YE2021²

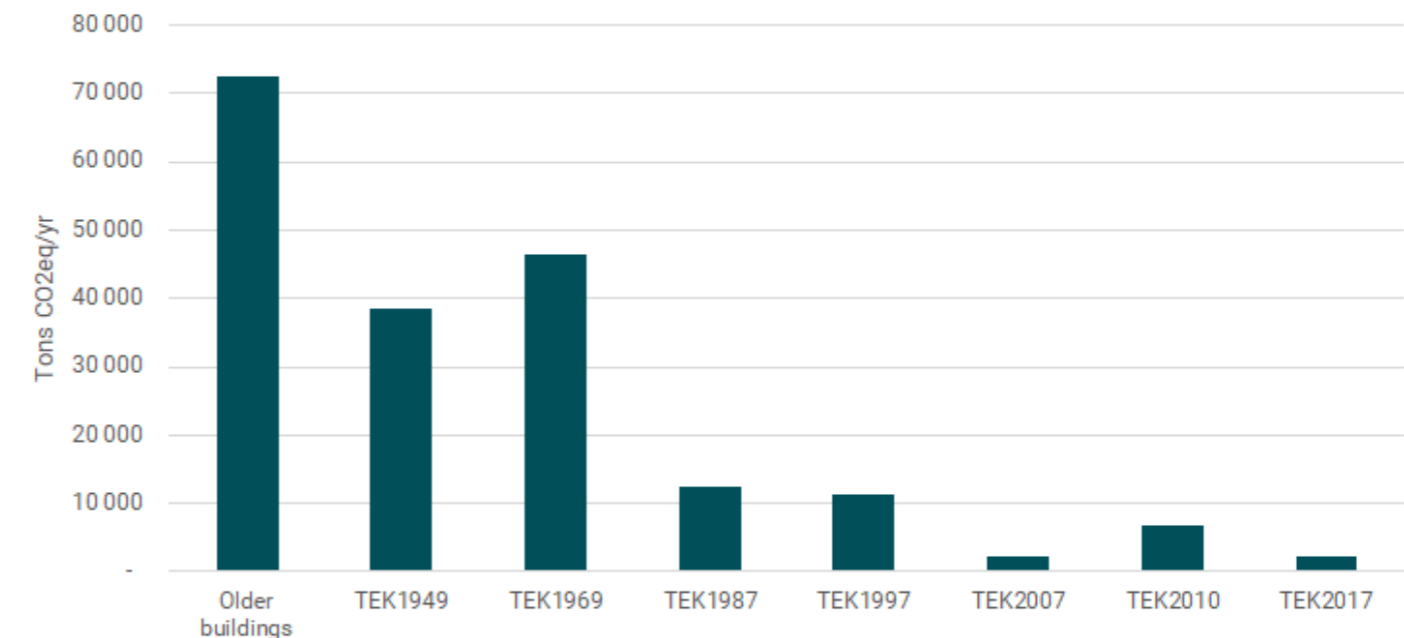


² EPC labels represent only 37% of the Eika cover pool, hence this is not fully representative of the entire cover pool

Distribution of the Eika cover pool by building code and building type YE2021



Eika cover pool CO₂ (European mix) footprint YE2021³



³ Portfolio CO₂-emissions related yearly use in energy demand distributed by age of building

New Green mortgage products



1. Green Mortgages (Construction or Purchase)

New Green Mortgage Product

- In the fourth quarter 2020 the Eika Alliance banks launched an inaugural common green mortgage product.
- Green mortgages are mortgages secured by energy efficient housing with favorable loan interest rates.
- With a green mortgage, you **typically get lower interest rates** compared to a non-green mortgage (sample average in Eika 0.3%, range 0.1-0.6%).

Loan criteria

- The criteria for the mortgage product are based on Energy Performance Certificates (EPC).
- The criteria for qualifying for the green mortgage product in Eika will be an EPC of A or B.



2. Green Mortgages (Refurbishments)

New Green Refurbishment Product

- In the first quarter 2021 the Eika Alliance launched a green mortgage product relating to refurbishments.
- A lower EPC may qualify for refurbished residential buildings in Norway with an improved energy efficiency of minimum 30% due to a combination of measures like:
 - insulation of old construction (walls, roof, floor, windows, doors)
 - balanced ventilation
 - night set-back of temperature
 - energy efficient lighting appliances
 - solar cells or collector
 - heat pump air to air, air to water, water to water or exhaust fan

ESG Ratings in Eika Boligkreditt



MSCI

- A (scale AAA-CCC)

Sustainalytics

- 25.1 risk rating
- Medium risk
- Last update November 2020

ISS ESG

- C (scale A+ - D-)
- Status: Prime
- 2nd decile ranking
- Last update August 2021

Norwegian Client Experience Index (CEI)

- 74.6/100
- #4 rank out of 149 companies/brands across 33 sectors

We are working to build relationships with the ESG rating agencies to improve our scores through regular engagement with them and providing transparent data that they can collate, track and benchmark

Eika's roadmap towards sustainable banking



In light of its sustainability objectives and its strategy, Eika has established a Green Bond Framework

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Eika Boligkreditt Green Bond Framework



Use of proceeds:

Allocation of the net proceeds of the Green Bonds to a loan portfolio of new and existing mortgages for energy efficient residential buildings in Norway



Process for Project Evaluation and Selection:

Eika Boligkreditt will select and track the Eligible Green Loans based on information from the official Land Register. The information is received from a third-party, Eiendomsverdi



Management of Proceeds:

Eika Boligkreditt intends to allocate the proceeds from the Green Bonds to a portfolio of loans that meet the Eligibility Criteria and in accordance with the evaluation and selection process



Reporting:

Pre-issuance Allocation and Impact Reporting will be made available to investors.
Eika Boligkreditt intends to report to investors within one year from the date of a Green bond transaction and annually thereafter. Reporting will be on both the Allocation and Impact of the proceeds from green bond issuance



External Review:

ISS-ESG has provided a Second-Party Opinion (including on EU Taxonomy alignment) on Eika Boligkreditt's Green Bond Framework¹. Eika has received CBI certification for its inaugural green bond. Eika Boligkreditt may request a limited assurance on the Allocation Report

Use of Proceeds Criteria

Eligible use of proceeds categories: Green Residential Buildings

1. New Residential buildings in Norway (built after 2009)

- New or existing Norwegian apartments that comply with the Norwegian building codes of 2010 (TEK10) or 2017 (TEK17). Hence, built in 2012 or later
- New or existing Norwegian other residential dwellings that comply with the Norwegian building codes of 2007 (TEK07), 2010 (TEK10) or 2017 (TEK17). Hence, built in 2009 or later

2. Residential buildings in Norway (built before 2009)

- Existing Norwegian residential buildings built using older building codes than TEK10 for apartments and TEK07 for other residential dwellings with EPC-labels A and B. These buildings may be identified in data from the Energy Performance Certificate (EPC) database

3. Refurbished Residential buildings in Norway with an improved energy efficiency of 30%

One of two criteria below must be met:

- Refurbished Norwegian residential buildings with at least two steps of improvement in energy label compared to the calculated label based on building code in the year of construction
- Refurbished Norwegian residential buildings with at least a 30% improvement in energy efficiency measured in specific energy, kWh/m², compared to the calculated label based on building code in the year of construction

Alignment with international initiatives & involved parties:

ICMA GBP category	UN SDG	TEG Report Technical Screening Criteria 	TEG Report Do No Significant Harm & Minimum Social Safeguards 	Consultants & Third Parties
Green Buildings	 	<ul style="list-style-type: none"> • Top 15% approach for buildings built up until end 2020 • ≥30% improvement in Primary Energy Demand for refurbishments 	<ul style="list-style-type: none"> • Compliance with international, national and local Regulation and monitoring of environmental and social risks • DNSH and Minimum Social Safeguards met in accordance with ISS-ESG SPO in alignment with the EU Green Bond Standard 	  

Project Evaluation and Selection

Process for Project Evaluation and Selection



This Framework & Green Assets are managed by a dedicated Green Bond Committee. The committee consists of: CEO, CFO, CCO and another representants from the Treasury Department in Eika Boligkreditt as issuer, and the CSR department in Eika Gruppen.

The Green Bond Committee will meet on a regular basis (at least annually) and will conduct an additional review on the selected mortgages to ensure ongoing compliance with the Eligibility Criteria.

Eligible Green Loans selected and tracked based on information from the official Land Register. Information from the Land Register regarding building year used to determine the Eligible Residential Green Buildings.

All residential mortgages within the Cover Pool are originated in line with Eika credit risk policies. Loans secured by mortgages on Eligible Residential Green Buildings are selected as Eligible Green Loans. All selected Eligible Green Loans comply with official national standards and local laws and regulations.

Management of Proceeds

Portfolio Approach

- The proceeds from Green Bonds will be managed by Eika Boligkreditt in a portfolio approach.
- Eika Boligkreditt intends to allocate these proceeds to an Eligible Green Loan Portfolio, that meet the Eligibility Criteria and in accordance with the evaluation and selection process

Proceeds Allocation

- Sufficient Eligible Green Loans will be designated in the Eligible Green Loan Portfolio to ensure that the size of the Eligible Green Loan Portfolio matches or exceeds the total balance of all outstanding Green Bonds.
- Additional Eligible Green Loans will be added to the Eligible Green Loan Portfolio to ensure the sufficient and timely allocation of the incremental net proceeds

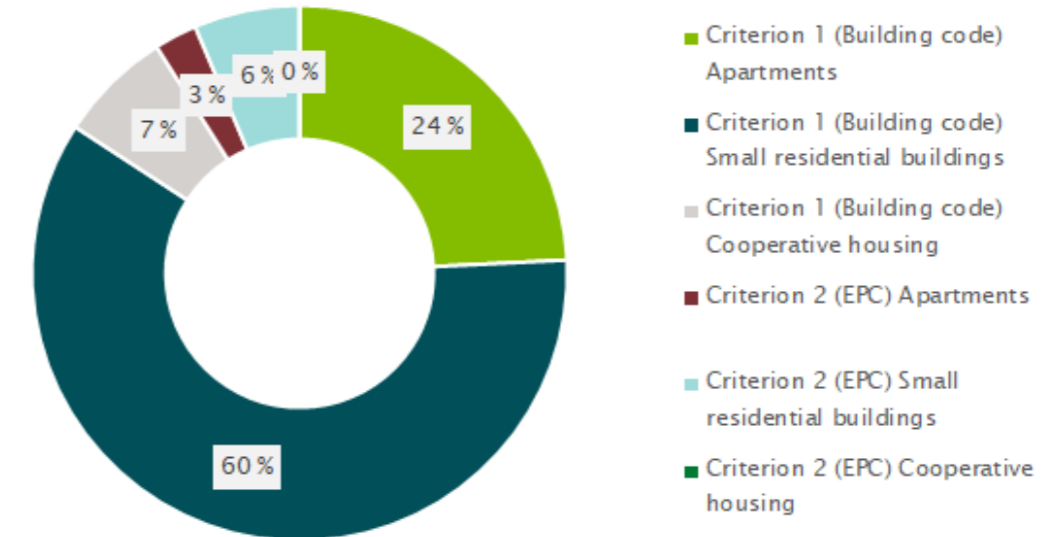
Unallocated Proceeds

- Any unallocated Green Bond net proceeds will be invested in a liquidity portfolio in money market instruments



Green Portfolio

As of 2021-12-31



Criterion	Type of dwelling	Number of objects	Area total [m2]	Area financed by EBK total [m2]	Portfolio size [MNOK]
Criterion 1 (Building code)	Apartment	2 791	212 750	92 749	4 563
	Small residential buildings	4 671	822 915	404 198	11 307
	Cooperative housing	45	67 042	25 944	1 288
Criterion 2 (EPC)	Apartment	360	70 613	26 007	489
	Small residential buildings	577	102 775	46 617	1 202
	Cooperative housing	-	-	-	-
Total		8 444	1 276 095	595 515	18 849

Impact Reporting FY21

 **Impact Reporting**

Portfolio date: 31 December 2021

Eligible Project Category	Eligible portfolio (NOK bn)	Share of <u>Total Financing</u>	Eligibility for Green Bonds	Estimated Site Energy Savings (in GWh/year)	Estimated Emissions Avoidance (in tons of CO2 /year)
a/	b/	c/	d/	e/	e/
Green Residential Buildings	18.85	100%	100%	79	8,778
Total	18.85	100%	100%	79	8,778

a/ Eligible category

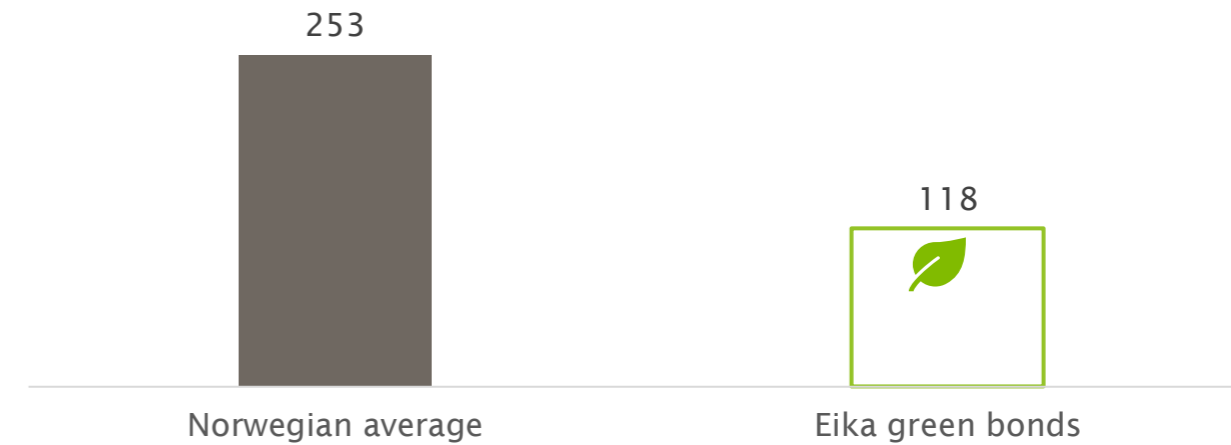
b/ Amount committed by the issuer for the portfolio eligible for Green Bond financing

c/ This is the share of the total budget financing

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

e/ Impact indicators

Impact - Average specific energy demand per m2 (kWh)



- Eika green bond portfolio has an estimated average energy consumption of less than 50 per cent of the Norwegian average
- **Estimated avoided CO2 emissions (entire pool) = 8,778 tons CO2/year based on European mix and 1,702 tons CO2/year based on Norwegian mix on Eika funded share of collateral**

External Review

1 Second Party Opinion by ISS ESG

- Eika Boligkreditt has obtained an independent Second Party Opinion from ISS-ESG to confirm the validity of the Eika Boligkreditt's Green Bond Framework
- ISS ESG assessed the alignment of the Green Bond pool and the due diligence and selection processes in place, with the EU Taxonomy. Technical screening criteria and do no significant harm criteria have been taken into account

"The issuer's eligible category corresponds to the following EU Taxonomy category: "Acquisition and Ownership" (activity 8.4. of the EU Taxonomy). Based on robust processes for selection of Green Projects, the Green Bond asset pool is considered as aligned with the EU Taxonomy and the relevant activity-specific Technical Screening Criteria, Do No Significant Harm Criteria and Minimum Social Safeguards."



2 Pre-Issuance CBI Certification

- Eika Boligkreditt has received Certification from the CBI for its inaugural EUR green bond



SPO SECTION	EVALUATION
Part 1: Issuer sustainability performance	Status: NOT PRIME Rating: C- Decile Rank: 3
Part 2: Performance against the draft of EU GBS and GBPs	Positive
Part 3: Alignment of the asset pool with the EU Taxonomy	Positive

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Mortgages for energy efficient residential buildings	Significant contribution ¹¹	13 CLIMATE ACTION
	Limited contribution	11 SUSTAINABLE CITIES AND COMMUNITIES



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<https://eikbol.no>

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