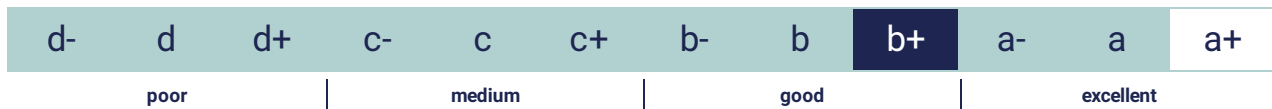


ISS-oekom Sustainability Bond Rating

SpareBank 1 Boligkreditt 0.5 01/30/2025

Country	Norway	Status	Approved
ISIN	XS1760129608	Rating	b+
		Approval threshold	b-



Bond Profile

SpareBank 1 Boligkreditt AS is a credit institution jointly owned by the member banks of the SpareBank 1 savings bank alliance. SpareBank 1 Boligkreditt acquires residential mortgages from the SpareBank 1 alliance member banks in order to refinance these in the covered bond market. Through its green bonds, SpareBank 1 Boligkreditt finances or refinances mortgages for energy efficient residential properties with lower energy needs and consumption.

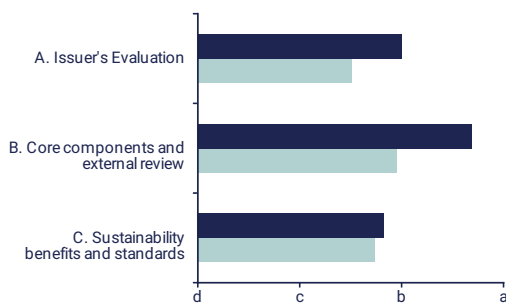
Strengths and Weaknesses

- + clear and conclusive eligibility criteria
- + comprehensive external assurance of bond framework
- + reasonable structures for the management of proceeds
- + clear sustainability strategy of the issuer
- no comprehensive approach regarding specific social risks of residential mortgages

Analyst's Opinion

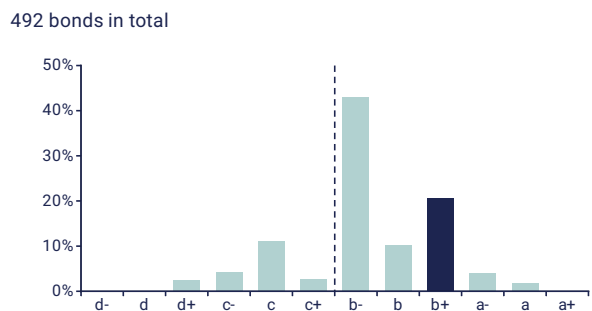
SpareBank 1 Boligkreditt has created a sound and transparent green bond framework with clear environmental benefits. Its green bond program forms part of the SpareBank 1 alliance's strategy to focus lending to households in an environmentally sustainable direction. While member banks offer beneficial mortgage terms to customers building energy efficient housing, SpareBank 1 Boligkreditt gathers such mortgages and refinances them through its green bonds. To identify eligible green mortgages, the issuer has commissioned an external consultancy to develop a methodology which is in line with the Climate Bond Initiative's standards for green buildings, thus providing reassurance that the eligibility criteria are sufficiently rigorous. The credibility of the bond framework is further underscored by a comprehensive external assurance as well as regular reporting by the issuer on the allocation of bond proceeds.

Rating results



Legend: ■ Universe ■ Issuer --- Approved

Distribution of bonds



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Methodology - Overview

ISS-oekom Sustainability Bond Rating - The assessment is carried out with the aid of general indicators and additional specific indicators for each 'use of proceeds' category. The overall number of rating indicators depends on the number of the categories on which the bond is based. All indicators are individually weighted, evaluated and aggregated to yield an overall score (Rating). In case there is no information available on a certain criterion, it is graded with a d-.

The sustainability bond rating includes three components of evaluation:

1. Evaluation of the issuer's ESG performance: The issuer rating is based on ISS-oekom's rating results and the positioning of the issuer with respect to the sector's 'Prime' threshold. For corporate issuers and developmentbanks, this is based on the ISS-oekom Corporate Rating. For sovereign issuers or local authorities, the ISS-oekom CountryRating is taken into account. The score can be downgraded in case the issuer is involved in controversies associated with the bond's general concept or theme, or when the issuer's main business is not compatible with sustainable development.
2. Core components and external review: An analysis is carried out of the transparency on and the quality of the bond's general framework. It covers the use of proceeds, processes for project selection, the management of proceeds, reporting and external review. These four aspects are also stipulated in the Green Bond Principles; however, the rating goes beyond simply analyzing the bond's alignment with them. The score can be downgraded in case the framework contains severe shortcomings leading to major doubts regarding the bond's sustainability credentials.
3. Sustainability benefits and standards: ISS-oekom analyses the 'green content' of the bond, as well as the sustainability standards and the respective compliance procedures of the bond. This evaluation is carried out on four levels:
 - a. The sustainability benefits of each project category and the overall sustainability benefits of the (planned) distribution into such categories.
 - b. The general sustainability standards and compliance procedures that are of relevance for all projects (human rights and stakeholder engagement, labour rights of project workforce, social and environmental standards for the supply chain, and environmental standards).
 - c. The specific sustainability standards and compliance measures that are deemed necessary to ensure the maximization of sustainability impacts and effective mitigation of respective risks related to the specific project categories.
 - d. The assessment of (potential) controversies related to the project categories and/or particular projects to be (re-)financed through the bond (optional downgrading). The report further contains a table illustrating the bond's impact on the UN Sustainable Development Goals. It is for informational purposes only and has no impact on the rating. Whenever feasible, the rating takes the relevant assessments of the issuer's ISS-oekom Corporate Rating into account.

Analyst's Opinion - The Analyst's Opinion provides a brief summary of the rating and qualitatively comments and characterises the bond's sustainability quality.

Distribution of Ratings - Overview of the distribution of all sustainability bond ratings of an industry from the ISS-oekom Sustainability Bond Universe (sustainability bond portrayed in this report: light blue). The approval threshold (vertical dotted line) is also shown.

Rating Scale - Sustainability bonds are rated on a twelve-point scale from a+ to d-:

a+: excellent sustainability quality and benefits of bond issuance

d-: largely intransparent bond issuance and/or significant doubts about sustainability benefits

Overview of the range of scores achieved in the industry (light blue) and display of the industry-specific Prime threshold (vertical dotted line).

Status & Approval - Sustainability bonds are categorised as 'Approved' if they achieve/exceed the minimum sustainability performance requirements (approval threshold of b-) defined by ISS-oekom (absolute best-in-class approach) in the ISS-oekom Sustainability Bond Rating.

Sources of Information - The ratings are based on all available public information on the issuance (prospectus, second party opinion, verification report, etc.).

Strengths and Weaknesses - Overview of selected strengths and weaknesses of a sustainability bond with regard to the evaluation categories and indicators.

Universe - ISS-oekom aims at covering all major green / sustainability bond issuances on the secondary market. In addition, clients can mandate ISS-oekom to evaluate future issuances on the primary market.

Please note that all data in this report relates to the point in time at which the report was generated.

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	Weight	Grade
A. Issuer's Evaluation	25.0%	B+
A.1. Evaluation of the issuer's ESG performance	25.0%	B+
<p>The issuer's ISS-oekom Corporate Rating is Prime and the overall grade is one level above the Prime threshold on the grading scale (as at 04 October 2018).</p>		
A.2. Relevant controversies, risks and/or controversial business activities	0.0%	x
<p>Research did not reveal any relevant controversies.</p>		

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	Weight	Grade
B. Core components and external review	25.0%	A
B.1. Use of proceeds	7.5%	A+
B.1.1. Disclosure of eligible project categories	2.5%	A+
Categories of eligible projects are clearly defined and disclosed.		
B.1.2. Disclosure of distribution of proceeds by project categories	2.5%	A+
The (planned) distribution of proceeds by project categories is disclosed.		
B.1.3. Application of sustainability criteria to determine eligibility	2.5%	A+
Sustainability criteria are applied/used to determine eligibilities of projects in every category.		
B.2. Processes for project selection	2.5%	A+
Detailed information is available on the processes for project selection (including e.g. consecutive steps, responsibilities for decision-making, due diligence checks, involvement of internal/external experts with specific knowledge/background).		
B.3. Management of proceeds	5.0%	A+
a. Tracking of proceeds Proceeds are separated from the general account of the issuer (e.g. through the use of a sub-portfolio, special account or earmarking).		
b. External audits External audits (will) verify the allocation of proceeds to eligible projects.		
c. Unallocated proceeds		
i. Transparency: All proceeds are allocated upon issuance.		
ii. Application of sustainability criteria: Not applicable as there are no unallocated net proceeds.		
B.4. Reporting	7.5%	A-
B.4.1. Performance and impact indicators	3.8%	A+
Clearly defined indicators to comprehensively estimate/measure the sustainability performance and impact of projects (e.g. GHG emissions avoided, water loss avoided, land disturbed) are used for all eligible categories.		
B.4.2. Transparency	3.8%	B-
a. Use of proceeds: Reporting includes the total amount of proceeds disbursed, broken down by distinctively defined categories. Reporting is not broken down on a project-level.		
b. Impact and performance: Reporting includes performance data (e.g. GHG emissions avoided) for (almost) all projects on an aggregated level. It is not further broken down for all projects and does not include further environmental and/or social impacts (e.g. on ecosystems or communities).		
B.5. External review	2.5%	B+
B.5.1. Type of review	0.3%	A+
The issuer has obtained an external review (e.g. second party opinion, verification or certification) on the bond (framework).		
B.5.2. Public disclosure	0.8%	A+
The external review is publicly and readily available.		
B.5.3. Scope	1.5%	B-
a. Accordance with the Green Bond Principles The external review assesses and attests that all components of the bond are in alignment with the Green Bond Principles.		
b. Sustainability benefits of eligible categories The external review comments on the sustainability benefits of eligible categories in a general manner.		
c. Sustainability risks of eligible categories The external review does not clearly assess the sustainability risks of eligible categories.		

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	Weight	Grade
<p>d. Sustainability criteria The external review confirms the framework's compliance with the Climate Bond Initiative standard which sets some criteria for the eligible categories.</p> <p>e. Verification of selected projects against sustainability criteria The external review verifies the selected projects against the sustainability criteria in general terms.</p>		
B.6. Major risks related to the bond's framework	0.0%	x
<p>Research did not reveal any major risks.</p>		

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	Weight	Grade
C. Sustainability benefits and standards	50.0%	B
C.1. Sustainability benefits of project categories	25.0%	B+
Comment: The actual or planned distribution of net proceeds into eligible categories potentially has high positive sustainability benefits/impacts.		
C.2. General sustainability standards	16.5%	B-
C.2.1. Human rights and stakeholder engagement	0.0%	x
a. Standards: Not applicable.		
b. Compliance measures: Not applicable.		
Comment: The proceeds of the bond are exclusively used to refinance residential mortgages in Norway. Thus, there are no major risks related to human rights and stakeholder engagement.		
C.2.2. Labour rights of project workforce	0.0%	x
a. Standards: Not applicable.		
b. Compliance measures: Not applicable.		
Comment: The proceeds of the bond are exclusively used to refinance residential mortgages in Norway. Thus, there are no major risks related to labour rights of the workforce.		
C.2.3. Social and environmental standards for the supply chain	0.0%	x
a. Standards: Not applicable.		
b. Compliance measures: Not applicable.		
Comment: The proceeds of the bond are exclusively used to refinance residential mortgages in Norway. Thus, there are no major risks related to supply chains.		
C.2.4. Environmental standards	16.5%	B-
a. Standards: Only projects in countries with high legal and/or factual environmental standards are eligible.		
b. Compliance measures: No or only very limited information is available on compliance procedures (including e.g. monitoring, audits and communication channels for non-compliance).		
C.3. Management of category-specific sustainability issues	8.5%	B
C.3.1. Sustainable buildings	8.5%	B
C.3.1.1. Social standards	1.7%	D-
a. Indoor air quality: No or only very limited information is available on standards for the improvement of indoor air quality covering volatile organic compounds (VOCs) in construction materials and building appliances.		
C.3.1.2. Environmental standards	6.8%	A-
a. Energy efficiency: Projects must target a predefined minimum energy efficiency improvement. The issuer demonstrates how the target was determined and why it is considered to be ambitious.		
b. Green building standard: Projects must receive a green building certification. Details on the certification scheme and level are provided. Projects do not have to receive the highest possible certification level.		
C.3.2. Additional eligible project categories	0.0%	x
C.3.2.1. Social standards	0.0%	x
Not applicable.		
C.3.2.2. Environmental standards	0.0%	x
Not applicable.		
C.3.3. Unclear project categories	0.0%	x
There are no unclear categories.		

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	Weight	Grade
C.4. Relevant controversies and risks	0.0%	x

Research did not reveal relevant controversies or risks.

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Weight Grade

0.0% x

D. Impact on the UN Sustainable Development Goals

Comment: The table demonstrates whether the bond has a clear and direct impact on the achievement of the UN Sustainable Development Goals. It is for informational purposes only and has no influence on the grade of the bond.

UN Sustainable Development Goal:	Clear and direct impact	No/limited impact
1: No poverty	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2: Zero hunger	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3: Good health and well-being	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4: Quality education	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5: Gender equality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6: Clean water and sanitation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7: Affordable and clean energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8: Decent work and economic growth	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9: Industry, innovation and infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10: Reduced inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11: Sustainable cities and communities	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12: Responsible consumption and production	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13: Climate action	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14: Life below water	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15: Life on land	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16: Peace, justice and strong institutions	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17: Partnerships for the goals	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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Participation in Rating Process

The rating report based on publicly available documentation on the bond, information on the issuer's sustainability performance and external sources was submitted to the issuer for consideration and feedback. The issuer actively participated in the rating process and provided additional information.

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