

Eika Boligkreditt

Investor presentation - Green Bond Framework

November 2023

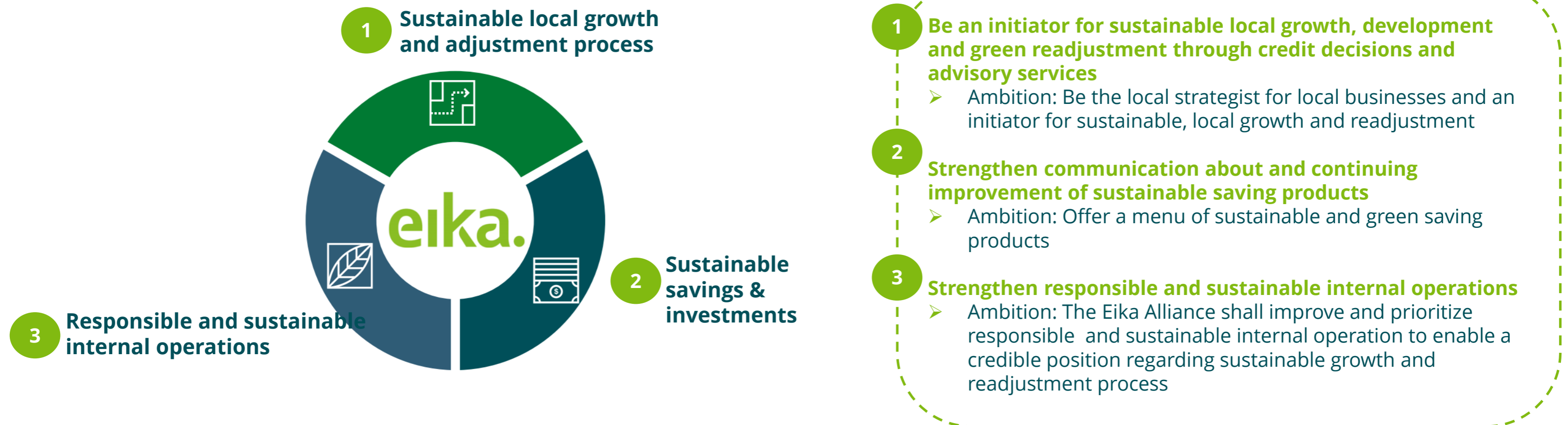


Agenda

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

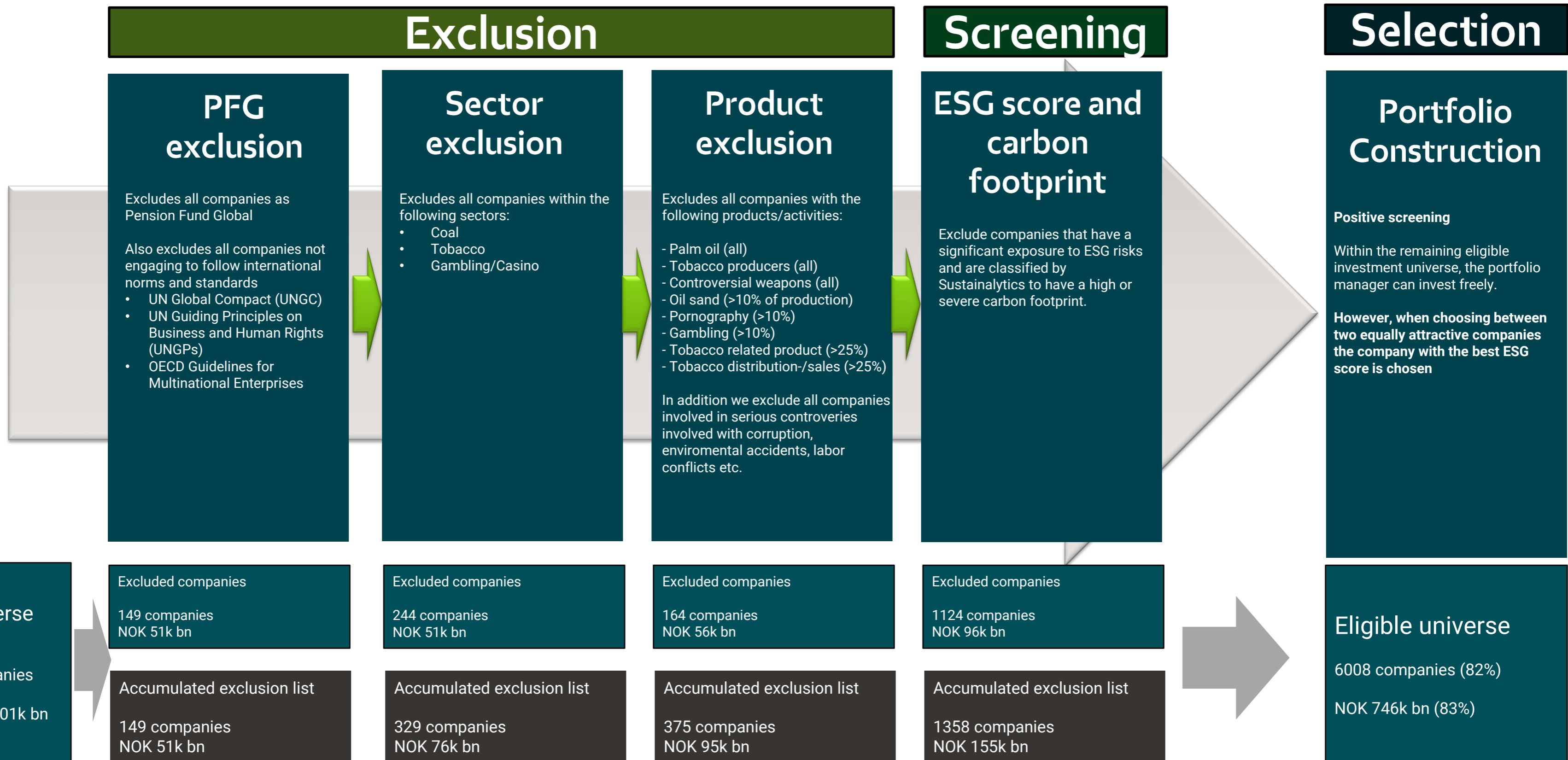


Take urgent action to combat climate change and its impacts

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

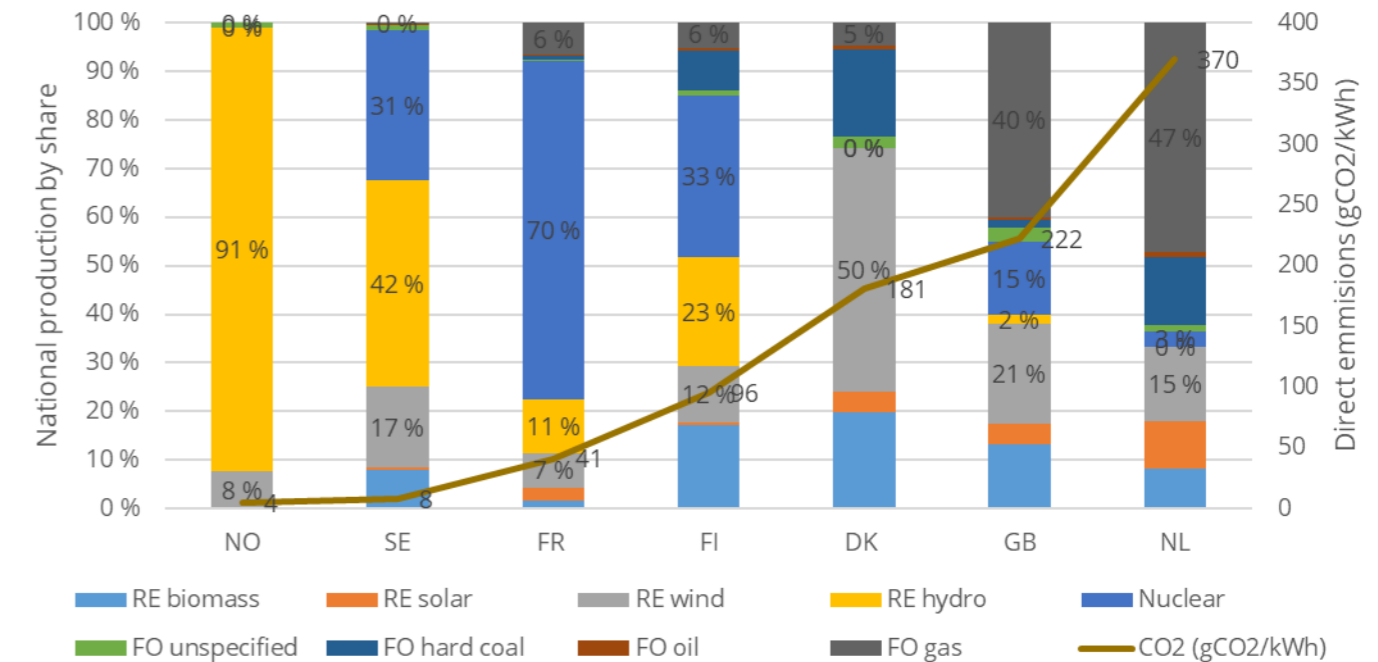
ESG screening for all investments – a four step process



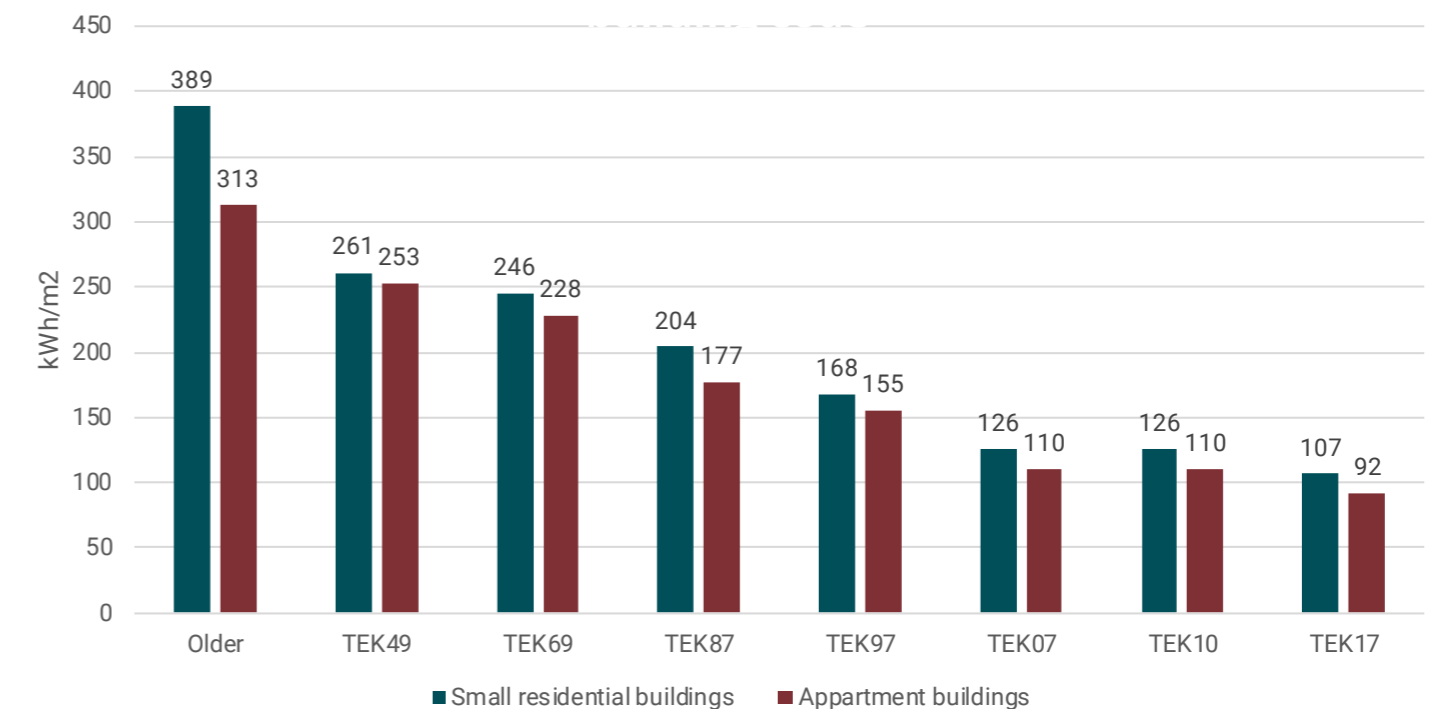
CO2 Footprint Analysis of the Cover Pool – Background

- Norwegian buildings are predominantly heated with electricity
- Norway has one of the greenest energy source mix for electricity (>99% renewable energy, 91% Hydro & 8% 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

National electricity production mix (2021)



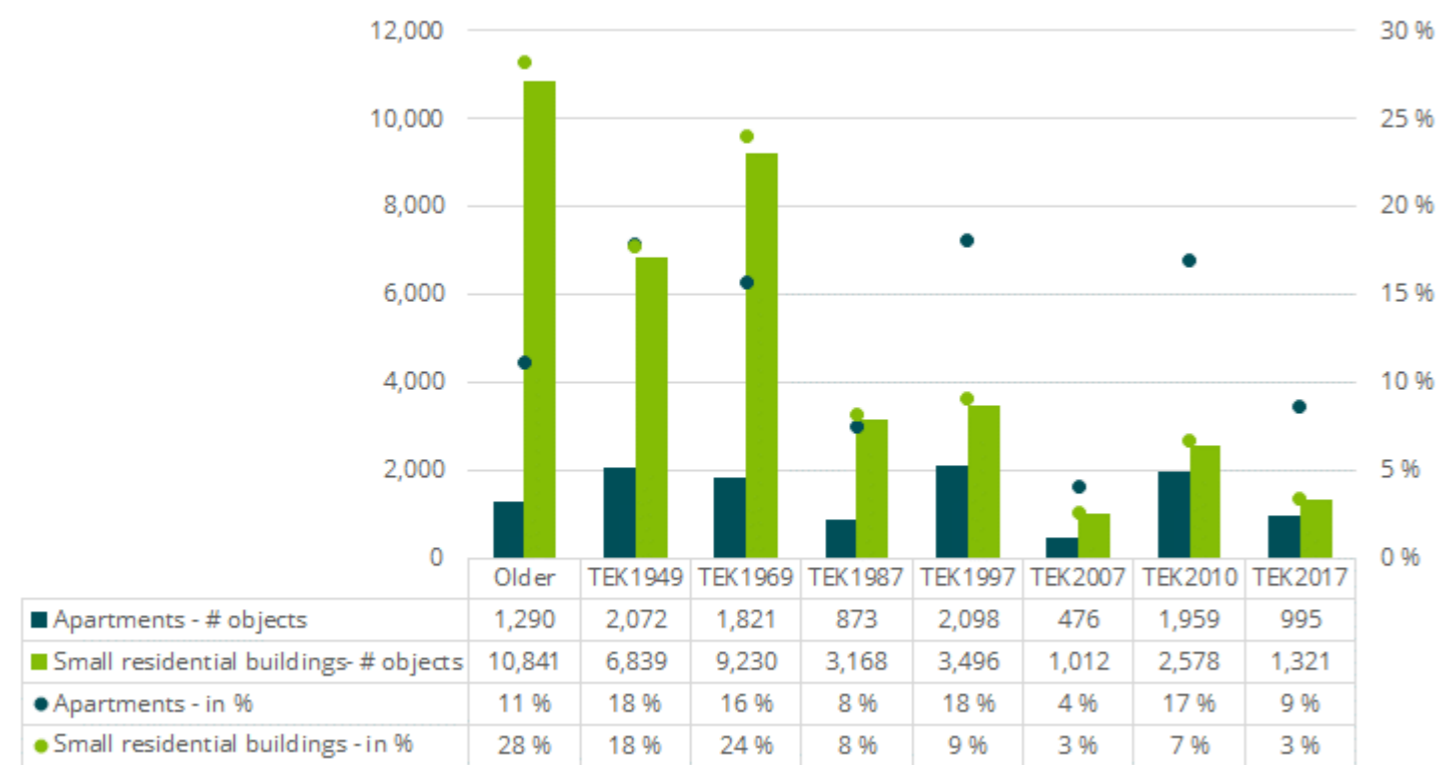
Development in calculated specific net energy demand by



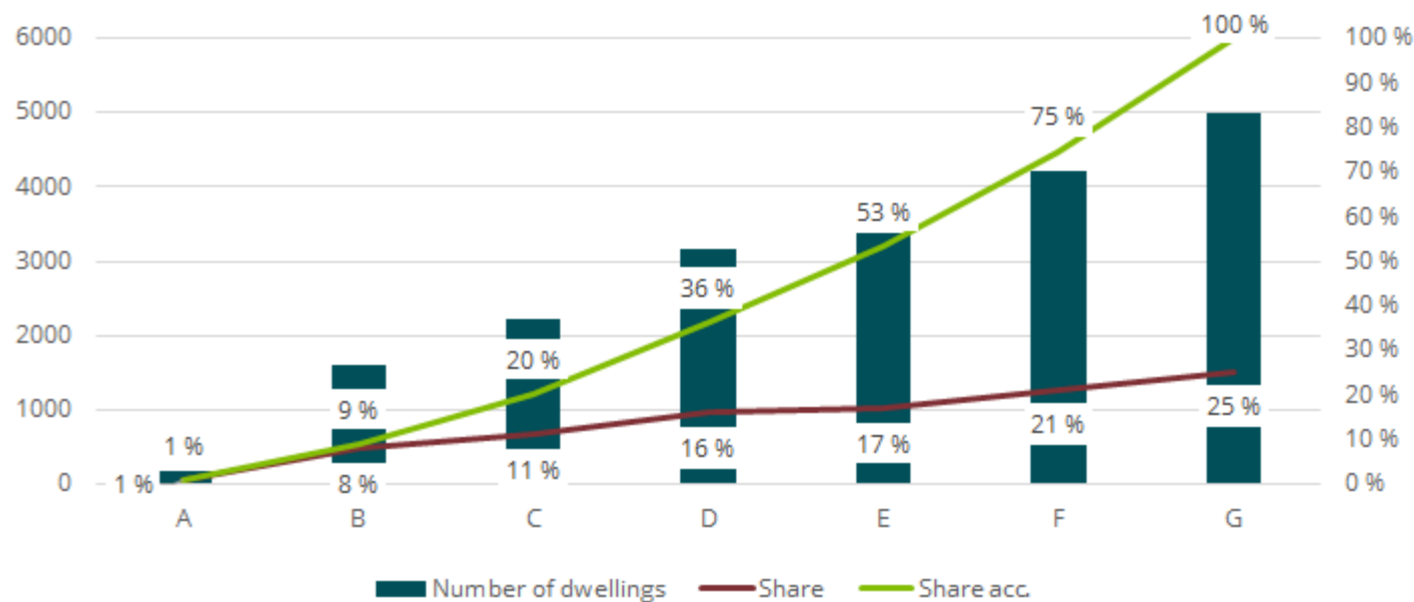
CO2 Footprint Analysis of the Cover Pool – 2022

- 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 2022, represents:
 - Yearly energy demand of 973 GWh (994 GWh in 2021) for Eika funded share of collateral
 - Yearly emissions of 184,2 thousand tons CO₂ eq. (192,3 in 2021) based on European production mix (2019/20/21) and 13,5 thousand tons CO₂ eq. (15,2 in 2021) based on Norwegian production mix (2019/2021) for Eika funded share of collateral

Distribution of the Eika cover pool by building code and building type YE2022

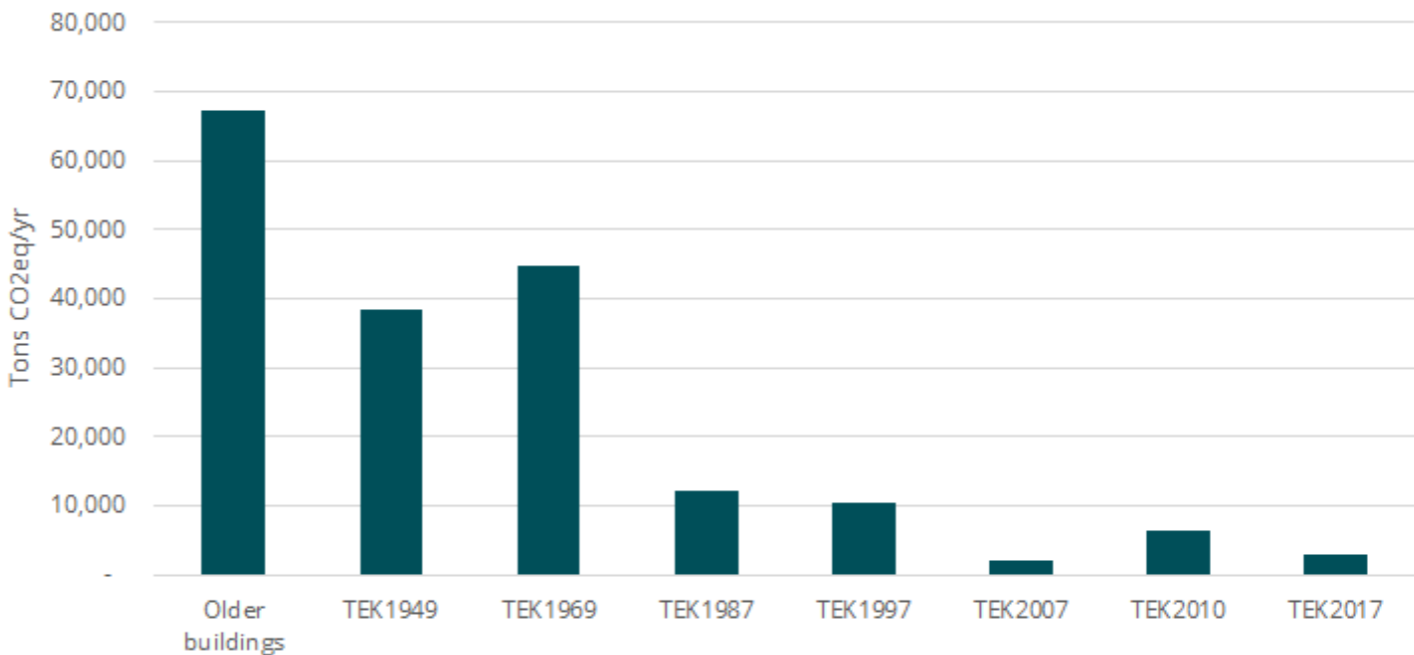


Distribution of the Eika cover pool by EPC label YE2022²



² EPC labels represent only 39% of the Eika cover pool, hence this is not fully representative of the entire cover pool

Eika cover pool CO2 (European mix) footprint YE2022 ³



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

Mitigation of physical climate risk within Eika cover pool

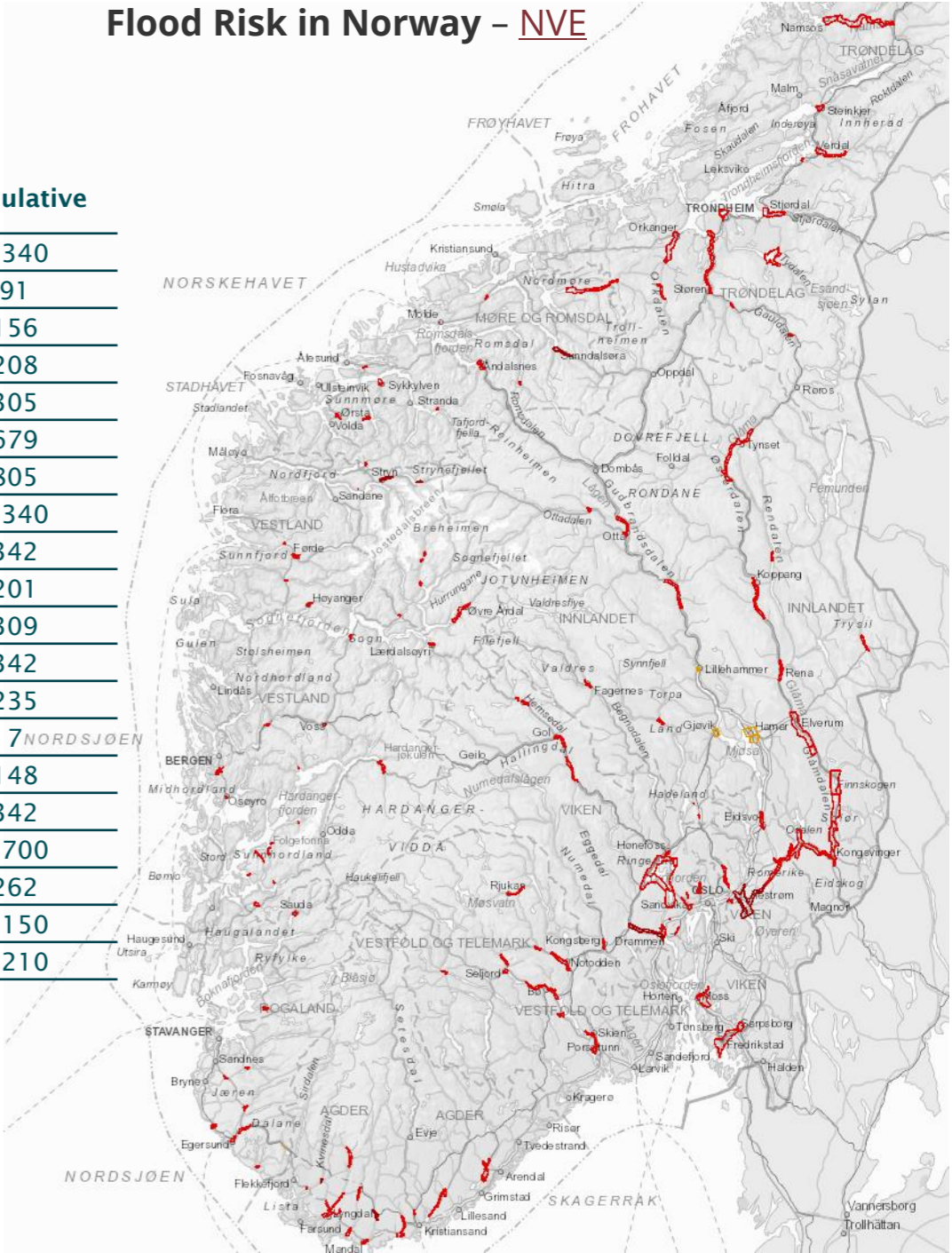
- Every quarter, the residential mortgage portfolio is run against Eiendomsverdi’s energy and climate risk data registers to update market values for the residential mortgage portfolio, as well as data on energy class, area, TEK standard and selected environmental factors
- To identify the vulnerability of the mortgage collateral to natural disasters, i.e. physical climate risk, **hazard maps of the mortgage portfolio are prepared** (data sourced from governmental insitutions¹) for quick clay, flooding, landslides in steep terrain, and storm surges (sea levels)
- As the table shows, mortgage collateral in the **Eika Boligkreditt portfolio has a relatively low exposure to climate risks with the highest probability**
- The possible **financial impact of such risks are greatly mitigated by the Norwegian Mortgage Guarantee Pool**
- The Norwegian mortgage guarantee pool is a collaboration in the insurance sector which **safeguards mortgages that are implicated by natural disasters**, covering damage to real property as a result of storm, flood, storm surge, earthquake and volcanic eruption.
- **A precondition in Eika Boligkreditt’s mortgage terms is that the mortgage object is insured.** Hence, the financial risk stemming from natural perils should be borne by the insurance sector rather than the mortgage borrower

→ To date, no cases in Eika Boligkreditt have led to identified loss. The company wants the residual physical risk in its residential mortgage portfolio to be low and feels this has been achieved with a requirement in the mortgage terms on insuring the mortgage object.

Physical Risk of Eika cover pool; probability distribution² (NOKm impact)

Physical climate risk (figures in NOK million)	2022	Cumulative
Flood zone	1 340	1 340
Flood zone 10-year	91	91
Flood zone 20-year	65	156
Flood zone 50-year	52	208
Flood zone 100-year	98	305
Flood zone 200-year	373	679
Flood zone 500-year	126	805
Flood zone 1 000-year	535	1 340
Storm surge	342	342
Storm surge 20-year	201	201
Storm surge 200-year	108	309
Storm surge 1 000-year	34	342
Landslide	235	235
Rock hazard zone 100-year	7	7
Rock hazard zone 1 000-year	142	148
Rock hazard zone 5 000-year	194	342
Quick clay	1 700	1 700
High hazard	262	262
Medium hazard	889	1 150
Low hazard	1,060	2 210

Flood Risk in Norway – NVE



¹ Climate risk data provided by Eiendomsverdi are taken from the Norwegian Mapping Authority, the Norwegian Water Resources and Energy Directorate (NVE) and the Norwegian Geotechnical Institute (NGI).
² Where years are specified, these refer to how frequently buildings in the relevant zone are likely to be affected by the relevant risk.

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



RATING ACTION DATE: October 25, 2023
LAST REPORT UPDATE: October 25, 2023



MSCI

- AAA (scale AAA-CCC)
- Last update Oct. 2023

Sustainalytics

- 25.3 risk rating
- Medium risk
- Last update July 2023

ISS ESG

- C (scale A+ - D-)
- Status: Prime
- 2nd decile ranking
- Last update March 2023

Norwegian Client
Experience Index (CEI)

- 73.0 (range 0-100)
- #7 rank out of 159 companies/brands across 30 sectors
- Last update June 2023

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 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 2012 or later)	<ul style="list-style-type: none">New or existing Norwegian apartments that comply with the Norwegian building codes of 2010 (TEK10) or 2017 (TEK17). Hence, built in 2012 or laterNew or existing Norwegian other residential dwellings that comply with the Norwegian building codes of 2010 (TEK10) or 2017 (TEK17). Hence, built in 2012 or later
2. Residential buildings in Norway (built before 2012)	<ul style="list-style-type: none">Existing Norwegian residential buildings built using older building codes than TEK10 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%	<p>One of two criteria below must be met:</p> <ul style="list-style-type: none">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 constructionRefurbished 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 risksDNSH and Minimum Social Safeguards met in accordance with ISS-ESG SPO in alignment with the EU Green Bond Standard	Multiconsult ISS ESG

EU Taxonomy Assessment – accredited via ISS ESG¹

Eika Green Bond Portfolio Alignment FY21		93% aligned (NOK 17.5bn / 18.8bn total Green Eligible Assets)		
EU Enviro. Objective	EUT Economic Activity: 7.7 Acquisition & Ownership of Buildings			
	 EUT Criteria		 Eika Green Bond 	Alignment (FY21)
1. Mitigation	Technical Screening Criteria	<div><div>i.</div><div>ii.</div></div> <div>Built <2021: EPC A or Top 15% approach Built ≥2021: NZEB –10%</div>	Eligibility criteria = Top 15% approach (via Building code / EPC label)	<div>Partial Alignment</div> <div><div>• Built <2021: 93% (Aligned)</div><div>• Built ≥2021: 7% (Out of scope) ²</div></div>
2. Adaptation	Do No Significant Harm	<div><div>i.</div><div>ii.</div><div>iii.</div></div> <div>Reducing material physical climate risks Supporting system adaptation Monitoring adaptation results</div>	<div><div>i.</div><div>ii.</div><div>iii.</div></div> <div>Green buildings are aligned with Norwegian environmental legislations via the building code, where an environmental risk assessment is conducted at the planning stage and relevant measures are applied to reduce identified risks Green buildings do not increase the risks of adverse climate impact on other stakeholders and align with national adaptation efforts Adaptation results can be monitored and measured</div> <div>➔ <u>TEK10 & TEK17 Building Code Regulation</u> (= Eika Green Bond Criteria) ensures new buildings are not prone to significant Physical Climate Risks e.g. Flooding; Storm Surges, Landslides.</div>	Aligned
<div>1. Mitigation</div> <div>2. Adaptation</div>	Minimum Social Safeguards	<div><div>i.</div><div>ii.</div><div>iii.</div></div> <div>OECD Guidelines on Multinational Enterprises UN Guiding Principles on Business and Human Rights ILO Core Labour Conventions</div>	<div><div>i.</div><div>ii.</div><div>iii.</div></div> <div>Not applicable. Eika operates only in Norway and not overseas Norway applies a <u>National Action Plan</u> for the implementation of the UN Guiding Principles. In addition, Eika’s due diligence processes ensures alignment and compliance All 8 ILO Core Labour Conventions are enshrined in <u>Norwegian law</u></div>	Aligned

15 ¹ See ISS-ESG SPO for Taxonomy Alignment Assessment: <https://eikbol.no/Investor-relations/green-bonds>
² In Norway, a definition for what constitutes an 'NZEB' has not yet been implemented.

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 and CCO 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

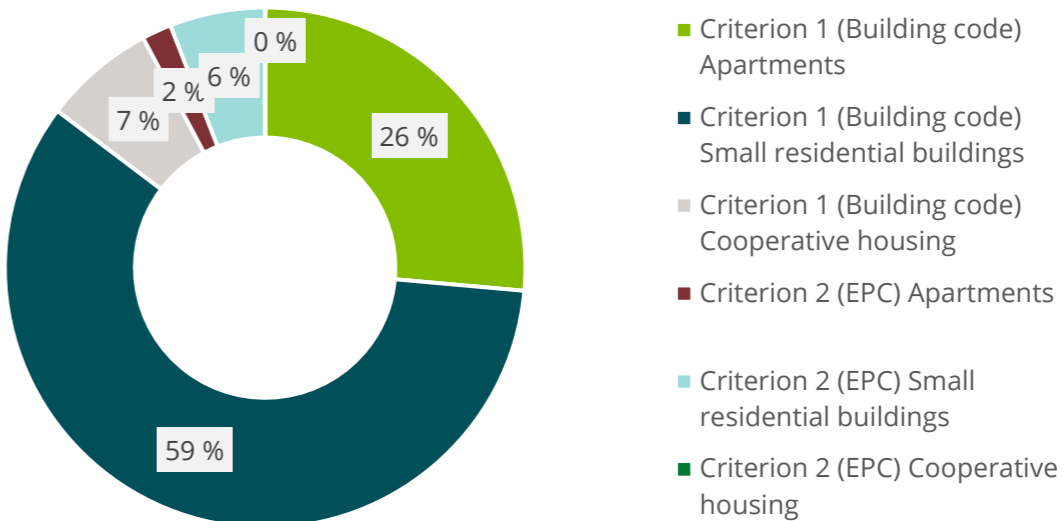
Unallocated Proceeds

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



Green Portfolio

As of 2023-09-30



Criterion	Type of dwelling	Number of objects	Area total [m2]	Area financed by EBK total [m2]	Portfolio size [MNOK]
Criterion 1 (Building code)	Apartment	3,129	238,134	111,634	5,557
	Small residential buildings	4,786	824,514	432,464	12,385
	Cooperative housing	50	46,625	22,554	1,458
Criterion 2 (EPC)	Apartment	271	20,483	9,641	387
	Small residential buildings	547	100,310	49,046	1,247
	Cooperative housing	-	-	-	-
Total		8,783	1,230,066	625,338	21,034

Impact Reporting FY22

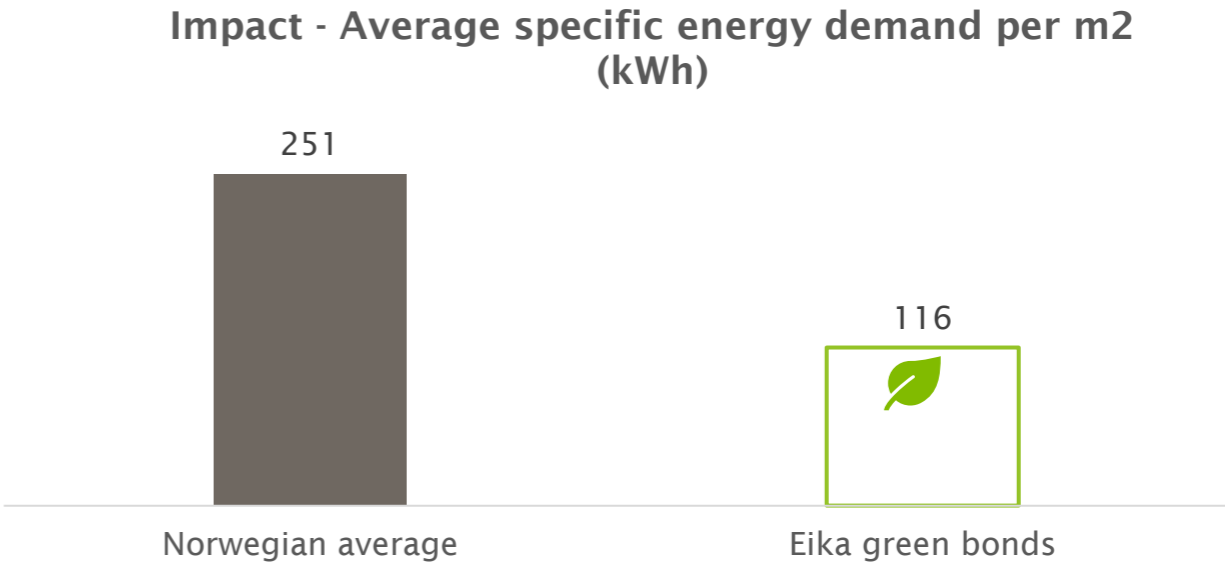


Impact Reporting

Portfolio date: 31 December 2022

Eligible Project Category	Eligible portfolio (NOK bn)	Share of Total Financing	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	20.00	100%	100%	81	8,913
Total	20.00	100%	100%	81	8,913

- 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



- 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) = 8,913 tons CO2/year based on European mix and 1,738 tons CO2/year based on Norwegian mix on Eika funded share of collateral**

External Review

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
- Green assets within the Green Bond Portfolio are selected to conform with the Climate Bonds Initiative's (CBI) top 15% criteria¹

*"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.**"*



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

¹ Whilst Eika Boligkreditt obtained a pre-issuance Climate Bonds Initiative (CBI) certification for the EUR 500m Green Covered Bond issued in June 2021, Eika has decided to discontinue annual CBI verification reporting, given the increased focus on conformance with the EU Taxonomy Technical Screening criteria and the introduction of a Norwegian NZEB definition on 31 January 2023.

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