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Second Party Opinion

SpareBank 1 Østfold Akershus Green Bond Framework

Dec. 11, 2025

Location: Norway

Sector: Banks

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

✓ Green Bond Principles, ICMA, 2025

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Light
green

Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term low-carbon climate resilient solutions.

Our [Shades of Green Analytical Approach](#) >

Strengths

Eligible project categories support the transition to a low-carbon society. The categories are also relevant to the bank's loan book, which consists mainly of mortgage loans. The high energy performance of existing buildings that are eligible under the framework plays a vital role in the energy transition.

Scope 3 financed emissions are measured and the bank targets net-zero emissions by 2050 across all scopes. It reports on its greenhouse gas emissions across all scopes and details its emissions in the loan portfolio. This makes the bank more advanced in its carbon accounting than local peers.

Weaknesses

No weaknesses to report

Areas to watch

Physical climate risk exposure is assessed, but the green buildings category does not address the mitigation of those risks. Although Norway's regulations consider these risks, there is no assurance that they are adequately addressed.

Shades of Green Projects Assessment Summary

Over the three years following issuance of the financing, SpareBank 1 Østfold Akershus expects to allocate proceeds under this framework to exclusively finance green buildings.

The issuer expects 90% of proceeds to be allocated to refinancing projects, while 10% of proceeds will be directed to finance new projects.

Based on the project category's Shades of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in SpareBank 1 Østfold Akershus' framework, we assess the framework as Light green.

Green buildings	Light green
Existing buildings	
New buildings	
Renovations	

See [Analysis Of Eligible Projects](#) for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Issuer Description

SpareBank 1 Østfold Akershus is a savings bank operating in the southeastern part of Norway. The bank is part of the SpareBank 1 Alliance, which consists of 12 individual savings banks across Norway. It provides a wide range of financial services including loans, deposits, advisory, insurance, and pensions. The bank had assets of Norwegian krone 29.421 billion (€2.49 billion) as of Dec. 31, 2024.

The bank's customers span retail, small and midsize enterprises (SMEs), the public sector, and the financial sector. Retail loans account for 76.1% of the loan portfolio and corporate loans made up the remaining 23.9%. Real estate, which includes mortgage loans and real estate projects, accounted for 78% of the bank's entire loan portfolio as of Dec. 31, 2024.

Material Sustainability Factors

Climate transition risk

Banks are highly exposed to climate transition risks through their financing of economic activities that affect the environment. Their direct environmental impact is small compared with their financed emissions, which stem mainly from power consumption. Generally, policies and rules to reduce emissions could raise credit, legal, and reputational risks for banks. However, financing the climate transition also offers a growth avenue for banks through lending and other capital market activities. In Europe, climate and environmental regulations are relatively ambitious, and there is a strong push to integrate sustainability considerations into the regulation of banks and financial markets.

Physical climate risk

Banks finance a wide array of business sectors that are exposed to physical climate risks. Although climate change is a global issue, weather-related events are typically localized, so the magnitude of banks' exposure is linked to the geographic location of the activities and assets they finance. Similarly, banks' physical footprint--such as branches--may be exposed to physical risks that might disrupt their ability to service clients in the event of a natural catastrophe. Banks could help mitigate the effects of physical climate risks by financing adaptation projects and climate-resilient infrastructure, as well as by investing in solutions that support business continuity in exposed geographies. Key physical climate risks in Norway relate to an increase in extreme precipitation and flooding.

Access and affordability

The large impact of banks on society stems from their role in enabling access to financial services for individuals and businesses, and in ensuring the correct functioning of payment systems. Ensuring affordable access to financial services, especially for the most vulnerable members of the population, remains a challenge for the banking industry. However, banks have many opportunities to support economic development through financial inclusion, including by using new technologies.

Issuer And Context Analysis

The project category green buildings targets climate transition risk, which we consider to be one of the most material sustainability factors for SpareBank 1 Østfold Akershus. Real estate lending (residential and commercial) accounts for 78% of the bank's lending portfolio. Green building projects can help society to manage energy consumption, thereby reducing transition risks for the bank. Given that green buildings are susceptible to the impacts of climate change, physical climate risk also emerges as a significant risk within the context of the framework.

SpareBank 1 Østfold Akershus reports on scope 1, 2, and 3 emissions. Most of the bank's emissions stem from its lending portfolio, not from its operations. The bank has become a member of the Partnership for Carbon Accounting Financials, which provides a framework for banks to assess and disclose financed emissions. SpareBank 1 Østfold Akershus has identified that the largest source of financed emissions in its loan portfolio, at 37.48%, come from agriculture, forestry, and fisheries, followed by industrial (12.54%), other (10.89%), and construction (8.93%).

The bank has set a goal of climate neutrality by 2050, consistent with national and international commitments under the Paris Agreement. The bank conducted a double materiality analysis in 2024 and informs us that an update is scheduled in 2025. It has committed to achieving net-zero emissions by 2050 across scopes 1, 2, and 3 as part of its long-term climate strategy. The bank recognizes it needs to develop a transition plan that includes interim emission reduction targets, and planning will begin in 2026. In 2024, SpareBank 1 Østfold Akershus was certified by Eco-Lighthouse, a Norwegian environmental management standard recognized by the EU as compliant with the eco-management and audit scheme.

SpareBank 1 Østfold Akershus conducts climate risk assessments for SME clients, which represent 23.9% of its loan portfolio, and analyzes physical climate risks for its real estate portfolio. The bank's credit risk assessment process is industry specific and includes a comprehensive review of clients' climate exposures, including transition and physical risks. We view it as positive that SpareBank 1 Østfold Akershus has a corporate social responsibility and sustainability policy for its corporate customers. The policy stipulates that credit risk assessments will include extreme weather risk exposure to quick clay, landslides, flooding, sea level rise, and stormwater. To screen for physical climate risks, the bank uses governmental risk maps from the Norwegian Water Resources and Energy Directorate (NVE) and data from Eiendomsverdi to screen its entire real estate portfolio. Eiendomsverdi develops and supplies tools and systems to estimate the market value of Norwegian residential real estate and to support valuations of and information on the commercial property market. The bank also uses a mapping model from Norkart when granting loans for commercial buildings.

Biodiversity risks are assessed for the bank's corporate customers using its environmental, social, and governance (ESG) model. The bank's corporate loan portfolio can potentially affect local biodiversity, particularly through loans to the agriculture, forestry, and fishery sectors, but also from construction and real estate lending. To address these environmental concerns, the bank's ESG model includes environmental risk indicators that reflect potential impacts on biodiversity and ecosystems. The model includes indicators such as land use intensity, potential for nature disruption, proximity to protected or vulnerable natural areas, compliance with environmental regulations, and sector-specific environmental considerations, which we view as a positive.

Alignment Assessment

This section provides an analysis of the framework's alignment to Green Bond principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

✓ Green Bond Principles, ICMA, 2025

✓ Use of proceeds

We assess all the framework's green project categories as having a green shade, and SpareBank 1 Østfold Akershus commits to allocating the net proceeds issued under the framework exclusively to eligible green projects. Please refer to the analysis of eligible projects section for more information on our analysis of the environmental benefits of the expected use of proceeds. SpareBank 1 Østfold Akershus commits to allocating an amount equal to the net proceeds to finance or refinance a portfolio of loans that are dedicated to projects that meet the criteria outlined in the framework. However, we note that the framework does not include a look-back period for refinancing eligible loans, as is recommended by the principles.

✓ Process for project evaluation and selection

The Green Bond Framework outlines the process for selecting and approving eligible projects. SpareBank 1 Østfold Akershus commits to establishing an internal green finance committee, consisting of representatives from treasury, sustainability, and the private and/or business market director, with the group sustainability representative holding the right to veto. The committee will meet at least annually and will be responsible for project evaluation and selection in line with the criteria described in the framework. The bank assesses its portfolio for physical climate risks by using data from Eiendomsverdi and NVE maps. Additional environmental and social risks are assessed as part of its ESG model in its credit assessment of corporate customers. The framework has a clear exclusion list, which outlines that green bonds will not be used to finance projects related to fossil energy production, or nuclear energy generation, weapons or defense, potentially harmful resource extraction (e.g., rare-earth elements or fossil fuels), gambling, or tobacco.

✓ Management of proceeds

SpareBank 1 Østfold Akershus commits to tracking the net proceeds using the green bond register. The bank will also ensure that the value of eligible assets detailed in the green bond register will at least equal the aggregate net proceeds of all outstanding green bonds. In the event that the total outstanding net proceeds of green bonds exceeds the value of the eligible assets in the green bond register, proceeds yet to be allocated to eligible assets will be held and managed in line with SpareBank 1 Østfold Akershus' liquidity management policy.

✓ Reporting

SpareBank 1 Østfold Akershus commits to yearly reporting of the allocation and impact of proceeds, through its annual report or a separate report, until all outstanding green bonds mature. Reports will be available on the bank's website. The allocation report will include a summary of outstanding green bonds, a brief description of the projects, the amount of net proceeds that

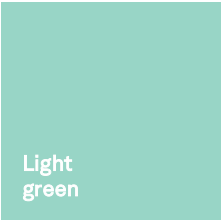
have been allocated to eligible projects, the balance of unallocated proceeds, and the proportion of proceeds used for financing and refinancing. It will also report on the aggregate environmental impact of green loans financed by green bonds. Where possible, the bank will measure the impact, and in other cases, the impact will be estimated.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)".

Overall Shades of Green assessment

Based on the project category shades of green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in SpareBank 1 Østfold Akershus' Green Bond Framework, we assess the framework as Light green.



Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term low-carbon climate resilient solutions.

Our [Shades of Green Analytical Approach](#) >

Green project categories













Green buildings	
Assessment	Description
<div><div></div>Light green</div>	<p>Built after Dec. 31, 2020</p> <ul style="list-style-type: none">• Primary energy demand is, or will be, 10% lower than the threshold for nearly-zero energy building requirements in national measures. The energy performance is or will be certified using an energy performance certificate (EPC). <p>Built on or before Dec. 31, 2020</p> <ul style="list-style-type: none">• EPC class A, or a primary energy demand that is within the top 15% of the national or regional building stock. <p>Improving existing building stock</p> <ul style="list-style-type: none">• Renovations of existing buildings that either lead to a reduction in primary energy demand of at least 30%, or where the building meets the applicable national and regional building regulations for a major renovation according to Directive 2010/31/EU.

Analytical considerations

- The International Energy Agency emphasizes that reaching net-zero emissions in buildings demands major energy efficiency strides and a fossil fuel phase-out. It says that all properties need to achieve high energy performance and should also cut emissions from building materials and construction. Addressing physical climate risks is also key to strengthening climate resilience across all buildings.
- SpareBank 1 Østfold Akershus expects 85% of the proceeds under this category to finance existing buildings, and the remaining 15% to be split between new buildings and renovation projects. Of the total proceeds under this category, 60% is earmarked for residential buildings and 40% for commercial buildings. In our view, the issuer's ambition for its existing buildings to be in the top 15% of the national or regional building stock ensures that energy-efficient buildings are financed. Such buildings have low exposure to transition risk. However, it remains unclear whether physical risks will be assessed for every eligible building, leading us to cap the final shade at Light green.

- The Norwegian government recently published the official definition of the top 15% energy-efficient buildings and provided energy thresholds that need to be met for buildings to be considered in the top 15%. We consider the definition to be more robust than previous definitions, since this approach offers greater consistency than relying on building codes, which are subject to change. SpareBank 1 Østfold Akershus informs us that it will screen buildings using a database provided by Eiendomsverdi or screen for EPC A for buildings where an EPC is in place to identify buildings that are within the top 15% of energy-efficient buildings in Norway.
- In the transition to a low-carbon society, renovating and upgrading existing properties is important. Renovations that achieve at least a 30% reduction of primary energy consumption demonstrate a solid commitment to reducing energy intensity. We view positively that renovations will be financed, although its share of the total proceeds is minor.
- SpareBank 1 Østfold Akershus informs us that some proportion of the financing is expected to go to newer buildings, including construction projects. In the Nordic context, building materials typically account for half of a building's life cycle emissions. The bank's current framework lacks specific criteria to address embodied emissions associated with the financed projects, which is necessary for reaching a darker shade of green for such projects.
- Given the fixed nature of buildings, improving their resilience to physical climate risk is key to the transition to a low-carbon society. The framework does not have specific criteria related to mitigating physical climate risks for the financed assets. SpareBank 1 Østfold Akershus will screen for highly exposed assets using data from Eiendomsverdi and its ESG model for corporate lending. However, such data may not be used in the screening for eligible assets. In general, buildings are highly exposed to physical climate risks, and though building regulations currently consider such risks in Norway, there is no guarantee that they are properly addressed. An increase in precipitation, flooding, and landslides are key risks in Norway.

S&P Global Ratings' Shades of Green

Assessments					
 Dark green	 Medium green	 Light green	 Yellow	 Orange	 Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Health care services	 Conventional steel production	 New oil exploration


Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs
Green buildings	<div></div> <div>11. Sustainable cities and communities</div>

Related Research

- [Analytical Approach: Second Party Opinions](#), March 6, 2025
- [FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions](#), March 6, 2025
- [Analytical Approach: Shades Of Green Assessments](#), July 27, 2023

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Second Party Opinion: SpareBank 1 Østfold Akershus Green Bond Framework

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