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Second Party Opinion

Sparebanken Øst Green Finance Framework

March 25, 2026

Location: Norway

Sector: Banks

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025

See [Alignment Assessment](#) for more detail.

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Medium green

Activities that represent significant steps towards a low-carbon climate resilient future but will require further improvements to be long-term low-carbon climate resilient solutions.

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

Strengths

Sparebanken Øst will exclude, from the green loan portfolio, buildings facing high physical climate risks. Currently, the bank assesses as low its lending-portfolio exposure to such high-risk buildings. The eligible buildings' energy performance is strong, and they have no exposure to fossil fuel heating, which contributes to our Medium green assessment.

The bank measures scope 3 financed emissions and aims to achieve net-zero emissions across all scopes by 2050, with interim targets for 2030. It reports its greenhouse gas emissions for each scope and provides a breakdown of emissions within its loan portfolio. This places the bank ahead of local peers in terms of carbon accounting.

Weaknesses

No weaknesses to report.

Areas to watch

The bank's transition plan is highly dependent on factors beyond its control.

Future emissions reduction for financed emissions will depend on technological developments, regulatory frameworks, and the broader market transition rather than on the bank's own actions. The bank intends to use guidance from Finance Norway as the primary basis for developing its sector-specific emissions targets.


Shades of Green Projects Assessment Summary

Over the three years following issuance of the financing, Sparebanken Øst expects to allocate approximately 90% of proceeds to green buildings, and the remaining 10% to clean transportation.

The issuer expects all of the proceeds to be allocated to refinancing projects.

Based on the project categories Shades of Green detailed below, the expected allocation of proceeds, and consideration of the environmental ambitions reflected in Sparebanken Øst's Green Finance Framework, we assess the framework as Medium green.

Green buildings

 Medium to Light green

Buildings built in 2021 or later

Buildings built before 2021

Renovated buildings

Clean transportation

 Dark green

Zero-emission vehicles

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

Sparebanken Øst is one of the largest non-affiliated and independent local savings banks in Norway and has been operating since 1843. The bank is headquartered in Drammen, west of Oslo, and has about 30 offices across eastern Norway. Sparebanken Øst had assets of Norwegian krone (NOK) 28.45 billion (€2.52 billion) as of Dec. 31, 2025.

The bank offers savings, credit, and payment products to retail clients and small and midsize enterprises (SMEs). Retail loans account for approximately 91% of the loan portfolio and corporate loans make up the remaining 9%. Real estate, which includes mortgage loans and real estate projects, accounted for the majority of the bank's loan portfolio as of Dec. 31, 2025.

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. Climate change is a global issue, but 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 could 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 categories in the framework address climate transition risk, one of the key sustainability factors for Sparebanken Øst. Green buildings and clean transportation can help society manage and decarbonize its energy consumption, reducing transition risks for the bank. Residential real estate lending accounts for the majority of the bank's lending portfolio. Green buildings are susceptible to the impacts of climate change, so physical climate risk is also significant risk within the context of the framework.

Sparebanken Øst reports on scope 1, 2, and 3 emissions and has set decarbonization targets. Most of the bank's emissions stem from its lending portfolio, not from its operations. The bank is a member of the Partnership for Carbon Accounting Financials, which provides a framework for banks to assess and disclose financed emissions. Sparebanken Øst has identified corporate loans, which represent about 9% of the loan portfolio, as the largest source of financed emissions, accounting for about 70%. Approximately half (55%) of these emissions is derived from loans to the agriculture, forestry, and fishing sector (representing only 3% of the loan portfolio in NOK terms) and the remaining part relates to the construction sector (35%), representing about 20% of the loan portfolio, and other industries (10%). Loans for vehicles have been about 25% of the financed emissions and the remaining 3% came from loans for residential real estate.

The bank aims to achieve climate neutrality by 2050, aligning with national and international commitments under the Paris Agreement. It has committed to achieving net-zero emissions by 2050 across scope 1, 2, and 3 as part of its long-term climate strategy. The bank has developed interim emission reduction targets for 2030: a 25% reduction in emissions within the total loan portfolio (compared to 2019 baseline), a 50% reduction in internal emissions, and a 50% increase in the share of green loans. However, the bank acknowledges that future emission reduction in

Second Party Opinion: Sparebanken Øst Green Finance Framework

the sectors that are major contributors of its financed emissions will depend on technological development, regulatory frameworks and broader market transition, rather than on individual actions by financial institutions. Therefore, emission reduction trajectory may be non-linear and become steeper over time as regulatory requirements, data quality and transition measures mature towards 2050. Going forward, the bank intends to use guidance from Finance Norway as the primary basis for developing sector-specific emissions targets.

The bank assesses climate risks for its mortgage and corporate loan portfolios. The bank's credit risk assessment process includes a review of clients' climate exposures, including transition and physical risks. This assessment is conducted at the customer level for all existing and new corporate customers with credit exposure exceeding NOK2 million and is performed annually to capture any changes in the customer's profile. The bank uses datasets from real estate database Eiendomsverdi to assess physical climate risks for its real estate portfolio, including for retail real estate customers. Eiendomsverdi provides information on physical risks such as floods, pluvial floods, landslides, rockslides, storm surges, and sea levels on each property.

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

✓ Green Loan Principles, LMA/LSTA/APLMA, 2025

✓ Use of proceeds

We assess all the framework's green project categories as having a green shade, and the issuer 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.

✓ Process for project evaluation and selection

The framework outlines the process for selecting and approving eligible projects. Sparebanken Øst commits to establishing an internal green finance committee, consisting of members from the finance, sustainability, risk, and credit departments as well as the client area, with the head of sustainability 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 Norwegian Water Resources and Energy Directorate (NVE) maps. Additional environmental and social risks are assessed as part of its environmental, social, and governance model in its credit assessment of corporate customers. The framework has a clear exclusion list, which outlines that green instruments will not be used to finance investments linked to fossil energy generation, nuclear energy generation, research and/or development within weapons and defense, potentially negative resource extraction, gambling, pornography, tobacco, or other activities that violate the bank's sector guidance.

✓ Management of proceeds

Sparebanken Øst commits to managing and tracking the net proceeds from issued green finance instruments in an appropriate manner and allocating proceeds toward the financing and refinancing of its green loan portfolio, with its finance department responsible for tracking the allocated and unallocated proceeds. Pending full allocation, unallocated proceeds will be managed according to the regular liquidity management policy of the bank's treasury department. The exclusions listed in the use of proceeds section of the framework also apply for temporary holdings of net proceeds.

✓ Reporting

The green finance report will include an allocation report and an impact report and will be published annually until full allocation. The report will be available on the bank's website. The allocation report will include the size of the identified green loan portfolio and each green loan category, the nominal amount of green finance instruments outstanding, the share of the green loan portfolio currently financed by green finance instruments, the amount of net proceeds awaiting allocation, and information on possible changes/developments in the EU Taxonomy regulation and delegated acts criteria or Norwegian laws and regulations that may be relevant for the issuer's green loan criteria. It will also report on the aggregate environmental impact of the green loans financed by green instruments.

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 a consideration of environmental ambitions reflected in Sparebanken Øst's Green Finance Framework, we assess the framework as Medium green.

Medium green

Activities that represent significant steps towards a low-carbon climate resilient future but will require further improvements to be long-term low-carbon climate resilient solutions.

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

Green project categories

Green buildings

Assessment

 **Medium to Light green**

Description

Buildings built in 2021 or later

- Buildings with an energy consumption that is 10% lower than nearly-zero energy buildings (NZEB); or
- Buildings with BREEAM-NOR or BREEAM In-Use excellent certification or better.

Buildings built before 2021

- Buildings with energy performance certificate (EPC) A;
- Buildings within the top 15% of the national or regional stock in terms of primary energy demand; or
- Buildings with BREEAM-NOR or BREEAM-In-Use excellent certification or better.

Renovated buildings

Costs related to renovations leading to a reduction in primary energy demand of at least 30%.

- For the full building to qualify, it should after renovations be expected to meet the criteria above for buildings built either before or after 2021.

Analytical considerations

- The International Energy Agency (IEA) emphasizes that reaching net-zero emissions in buildings demands major energy efficiency strides and a fossil fuel phase-out. 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.
- We assign an interval shade of Medium to Light green to the project category. Older buildings built before 2021 are viewed as Medium green, as the eligibility criteria address what we view as the key considerations for existing buildings (energy use,

energy source, and physical climate risks). For new buildings built after 2021, we view embodied emissions as important. The Light green shade reflects that we think the framework address energy use, energy source, and physical climate risks, but does not consider embodied emissions. Buildings in Norway are not heated with direct fossil fuels as this is prohibited by law, and Sparebanken Øst has excluded such buildings in its framework.

- Sparebanken Øst expects 85% of the proceeds under this category to finance buildings built before 2021, and the remaining 15% to go toward buildings built in 2021 or later. The issuer expects the majority of proceeds under this project category to be dedicated to finance residential mortgages and the issuer will not allocate to buildings under construction.
- We view as a strength that Sparebanken Øst will exclude, from the green loan portfolio, buildings that carry high physical climate risks (as defined by Eiendomsverdi). This exclusion is a key consideration in our Medium green assessment for existing buildings. Given the fixed nature of buildings, improving their resilience to physical climate risk is key to the transition to a low-carbon society. Currently, the bank assesses as low its lending-portfolio exposure to such high-risk buildings, using Eiendomsverdi data. It uses a map-based model that shows when a building lies within a designated high-risk area, but the model may overlook a building’s unique characteristics. In general, buildings are highly exposed to physical climate risks. Norway’s building regulations currently consider such risks but there is no guarantee that they are properly addressed through mitigation measures. Increased precipitation, flooding, and landslides are key risks in Norway.
- We view the top 15% threshold as a solid ambition in terms of energy efficiency for existing buildings. Sparebanken Øst informs us that it will screen buildings using a database provided by Eiendomsverdi or screen for EPC A where available to identify those that are within the top 15% of energy-efficient buildings in Norway. We note that the Norwegian government published the official top 15% requirements in 2025, and Eiendomsverdi is still working to update its screening to align with the thresholds.
- While Sparebanken Øst does not itself directly finance the construction of new buildings, there are significant life cycle emissions associated with the materials used when they were built, therefore we regard the use of low-emission materials in newer buildings as crucial. The framework does not consider embodied emissions, which is reflected in our Light green shade for newer buildings.
- 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 are included. Sparebanken Øst does not plan to allocate proceeds for renovations in the near term, but expects tightening regulations and potential incentives to increase the share of renovations in the medium to long term.

Clean transportation

Assessment

 **Dark green**

Description

Zero-emission vehicles:

- Fully electric, or otherwise zero-emission, passenger vehicles (EVs) or light commercial vehicles (ELCVs)













Analytical considerations

- Electrification and supporting infrastructure play a key role in decarbonizing the transport sector to align with a low-carbon, climate resilient future by 2050. However, there are also potential risks related to indirect emissions from a life cycle perspective (materials sourcing and manufacturing). In Norway, the transport sector accounted for 39% of national emissions in 2022, and this will need to decrease significantly if national targets are to be reached by 2030 and beyond, according to the IEA.
- Sparebanken Øst may finance EVs and ELCVs under this framework. The bank commits only to include EVs and ELCVs that run exclusively on electricity in the green loan portfolio. Life cycle emissions savings from EVs depend on the energy mix of the grid that powers them. Norway is well positioned in this regard, since its electricity production comes almost entirely from renewable sources, resulting in a low grid emission factor. For these reasons, we assess the project category as Dark green.

Second Party Opinion: Sparebanken Øst Green Finance Framework

- There are no requirements for life cycle emissions from the procurement of financed assets and activities since this does not sit under the ownership of the bank. However, the production of batteries for EVs and the sourcing of raw materials can have substantial climate and environmental impacts along the value chain.
- The issuer informs us that it does not apply specific environmental criteria to evaluate vehicle manufacturers or suppliers based on raw materials used in the construction phase of vehicles. For vehicle financing, the bank's assessment is based solely on the vehicle's engine and associated emissions profile.

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)'s 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



13. Climate action

Clean transportation



11. Sustainable cities and communities*



13. Climate action

*The eligible project categories link to these SDGs in the ICMA mapping.

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: Sparebanken Øst Green Finance Framework

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