

Climate Report 2022 – Fana Sparebank

“Scientific findings show unequivocally that climate impacts are already threatening lives and livelihood and will only worsen as the planet continues to warm.

Certain impacts experienced beyond an average warming of 1.5 degree Celsius could be irreversible. Findings warn of the loss of species and biomes, with serious consequences, not least for food security, safer shelter, economic activity and by extension for all humans.” – UNEP FI

This report reflects Fana Sparebank’s commitment and action toward a Net-Zero 2050.

Near – where you are

Real, agile, innovative

About Fana Sparebank

Fana Sparebank («the Bank») is an independent savings bank established in Bergen in 1878. Our main business is to supply local and regional retail and corporate customers with a broad range of financial services, including lending, deposits and payment services. As a savings bank, Fana Sparebank has a particular interest in serving the local community both with commercial services and by contributing to a sustainable development. Fana Sparebank holds a retail market share of approximately eight percent in the greater Bergen region.

Moody's Investor Services rates the Bank A3 and the subsidiary Fana Sparebank Boligkreditt AS issues AAA-rated covered bonds.

Fana Sparebank Boligkreditt AS is a fully owned subsidiary of Fana Sparebank, established in 2009 as a vehicle for the Fana Sparebank Group's access to the covered bond market.

Fana Sparebank's contribution to a sustainable world

Fana Sparebank has defined the UN's Sustainability Goals as the starting point for the transition to a sustainable society. All 17 sustainability goals have their specific intrinsic value.

At an overall level, Fana Sparebank wants to make a positive contribution to all the 17 goals. Fana Sparebank shall contribute to sustainable development and actions, through the Bank's operations and by stimulating those around to take actions. The Bank have conducted a materiality analysis selecting five sustainability goals particularly relevant for the Bank's contribution to a sustainable world.

Going further, this report will focus on Climate Action (SDG number 13).



Strategic anchoring, framework and commitments

Sustainability strategy

Through several global and national initiatives and frameworks, Fana Sparebank has committed to take responsibility for sustainable development. Fana Sparebank's strategy for social responsibility and ESG defines objectives and measures to underpin the Bank's responsibility and stance. The bank's overall sustainability responsibility is threefold, and includes climate and environmental, social and governance.

This means that the bank shall recognise and address challenges and opportunities as a financial institution. For Climate Action, the Bank has set three main objectives:

- Net zero emissions by 2050 for the Bank's collective operations, including lending and investments.
- Strengthen the Bank's ability to counteract, adapt to and reduce the consequences of climate change.
- Strengthen customers' ability to counteract, adapt to and reduce the consequences of climate change.

To succeed, the Bank must collaborate with other actors in the financial industry, as well as other industries, nationally and internationally.

Sustainability ambition

Fana Sparebank's overall sustainability ambition is as follow:

"To noticeably enhance the Bank's positive, as well as reduce the Bank's negative, impact on people, the environment and society"

By living up to the ambition, Fana Sparebank considers sustainability as an integrated part of 1) how the Bank creates valuable customer experiences, 2) how the Bank's financial results, 4) how the Bank conducts business, and 5) how the Bank cooperate with each other and contribute to society.



Corporate Banking

Fana Sparebank's lending to the corporate segment accounts for 4.8 billions as at 31.12.2022, amounting for 20 percent of total lending portfolio.

Fana Sparebank's corporate portfolio mainly consist of Commercial Real Estate activities, such as property management, construction projects and operation of buildings.

The targets set toward 2025 and 2030 will therefore address issues and measures related to Real Estate. Formulating these targets "Eiendomssektorens veikart mot 2050" (The Real Estate Road Map Towards 2050) have actively been used to comply with a Net-Zero-scenario for the Norwegian Real Estate sector.

The targets will be adjusted if necessary.

Targets toward 2025

Property Management

- Map the energy rating of the Bank's commercial real estate portfolio (2023)
- In 2025 30 percent of the portfolio has, or has stated, an ambition to introduce an environmental management system such as BREEAM-In-Use and a strategy to implement energy efficiency measures. Alternatively, have EPC-rating of A, B, or BREEAM Outstanding/Excellent. (Clients with an outstanding loan amounting to NOK 10 million or more)

Construction Projects

- From the start of 2025 at the latest, climate accounts must be submitted for construction projects, as well as requests for fossil-free construction sites, for projects with a commitment of more than NOK 10 million.
- From 2025, the bank will require that a plan be drawn up for how the materials can be dismantled and reused when rebuilding or demolition, as well as strive to find good solutions and materials that produce the least amount of waste.

Targets toward 2030

- At least 50 percent of lending for commercial building rental/management in the Bank's portfolio, shall be green in accordance with the criteria in Fana Sparebank's green bond framework.



Retail Banking

Fana Sparebank's lending to the retail segment accounts for NOK 20.3 billions as at 31.12.2022, representing 80 percent of the total loan portfolio.

Fana Sparebank's retail loan portfolio consists of mortgages. Therefore, targets related to energy efficiency measures are material to reduce the Bank's financed emissions toward a Net-Zero-scenario in 2050.

The targets will be adjusted if necessary.

Targets toward 2025

- The bank will establish a green loan to motivate customers to carry out energy efficiency measures, to mitigate climate impact related to their homes. Consequently, improve the overall EPC average of the Banks total portfolio. The loan will be launched in the second half of 2023.
- Contribute to mitigate the negative climate impact housing have on the environment, by financing measures for energy efficiency purposes.

Targets toward 2030

- 50 percent of the lending portfolio shall be in accordance with the bank's framework for green financing in 2030. By 2050, the level of ambition is 100 percent.



Green Finance Framework

Fana Sparebank wishes to promote the transition towards a low-carbon and climate resilient society by encouraging sustainable behaviour among our clients. Fana Sparebanks’s issuance of Green Bonds is regarded a natural part of the company’s sustainability profile enabling us to focus even more on positive environmental impacts within the fields of Green Buildings, both for residential and commercial real estate.

Fana Sparebank’s Green Finance Framework covers public deposits, senior bonds and covered bonds (“Green Finance Instruments”) issued by Fana Sparebank and all wholly-owned subsidiaries, including Fana Sparebank Boligkreditt AS.

The Green Finance Framework aligns with the Green Bond Principles published by international Capital Markets Association (ICMA) in 2018. The framework was closed in December 2022. Hence preparation of a new framework and validation through a second opinion are required.

Allocation Report

Portfolio based green bond report according to the Green Finance Framework for Impact Reporting
Portfolio date 31.12.2022

Eligible Project Category (a)	Signed Amount (b)	Green Bond outstanding (c)	Allocation (d)	Issued Amount (e)
Fana Sparebank (Covered and Senior Bonds)	NOK		%	NOK
Green residential buildings in Norway	2.025.000.000	Fana Spb Boligkreditt Green Covered bond 19/24 FRN (NO0010871551)	25 %	500.000.000
		Fana Spb Green Senior bond 21/26 FRN (NO0011100893)	37 %	750.000.000
		Fana Spb Green T2 bond (NO0012759069)	10 %	200.000.000
		Fana Spb Green Deposits and Fixed Rate Deposits	4 %	77.000.000
		Fana Spb Green Deposits and Current Account, Children and youths	6 %	125.000.000
Total	2.025.000.000		82 %	1.652.000.000

- (a) Eligible category. The other categories defined in the Green Finance Framework are non-active
- (b) Signed amount represents the amount legally committed by the issuer for the portfolio components eligible for Green Bond financing
- (c) Outstanding bond issued under the green bond programme
- (d) Percentage of Eligible Green Project portfolio allocated to net proceeds of green funding
- (e) The issued amount in NOK represents the hedged amount in NOK, 100% is hedged until maturity