

This S&P Global Ratings Second Party Opinion (SPO) represents our opinion on whether the documentation of a sustainable finance framework or program and whether the documentation of a sustainable finance transaction aligns with certain third-party published sustainable finance principles, guidelines, and standards ("Principles"). For more details please refer to the Analytical Approach and Analytical Supplement, available at [spglobal.com](https://www.spglobal.com) under [Sustainable Financing Opinions](#). An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings.

Second Party Opinion

GreenState Credit Union's Social Bond Financing Framework

Jan. 9, 2023

Founded in 1938, GreenState Credit Union is a financial cooperative that serves over 400,000 members who live or work in Iowa or neighboring counties in Illinois, Nebraska, South Dakota, and Wisconsin. The company is headquartered in Iowa and operates 36 offices across the state. Member-owned and operated, GreenState has expanded to become Iowa's largest credit union and is recognized by both the National Credit Union Administration (NCUA) and Iowa Division of Credit Unions as a designated low-income credit union, which reflects that publicly reported low-income members account more than 50% of its membership.

In our view, GreenState Credit Union's Social Bond Financing Framework, published on [Jan. 9, 2023](#), is aligned with:

 Social Bond Principles, ICMA, 2021

Issuer's Sustainability Objectives

GreenState Credit Union seeks to employ inclusive lending practices that align with its mission to promote socioeconomic advancement and reduce inequality for racial minorities by improving their access to financing for homeownership. Serving mostly low- to moderate-income members that live or work in Iowa and neighboring communities, the company's sustainability strategy is centered around inclusively supporting racial minority borrowers and creating more opportunities for minority homeownership in the region.

GreenState Credit Union has developed a Social Bond Financing Framework (the Framework) to further align its funding strategy with its sustainability objectives.

Primary Analysts

Kathleen Fisher
Englewood
+303-721-4288
kathleen.fisher@spglobal.com

Jesus Palacios
Washington, D.C.
jesus.palacios@spglobal.com


Secondary Analysts

Ashley Yen
Washington, D.C.
ashley.yen@spglobal.com

Jennifer Craft
Englewood
jennifer.craft@spglobal.com

Second Party Opinion Summary


Use of proceeds

Alignment  GreenState Credit Union's Social Bond Financing Framework is aligned with this component of the Social Bond Principles.

Score Not aligned **Aligned** Strong Advanced

GreenState Credit Union is committed to fully allocating the net proceeds from its sustainable finance instruments to finance or refinance new or existing first mortgages for its racial and ethnic minority member borrowers. We believe the company will use the proceeds from the bonds issued under the Framework to increase the financial access of underserved communities, which will subsequently contribute to a reduction in the financial inequality faced by minority populations seeking homeownership.


Process for project evaluation and selection

Alignment  GreenState Credit Union's Social Bond Financing Framework is aligned with this component of the Social Bond Principles.

Score Not aligned Aligned **Strong** Advanced


GreenState Credit Union details the selection and evaluation processes for the eligible proceeds and its procedures to identify, manage, and mitigate perceived social and environmental risks associated with the proceeds.

Management of proceeds

Alignment  GreenState Credit Union's Social Bond Financing Framework is aligned with this component of the Social Bond Principles.

GreenState Credit Union commits to track all proceeds until full allocation using an internal community investment tracking report and aims to fully allocate all funds in the 36 months following their issuance. The company will invest any portion of the proceeds that are not immediately allocated to eligible social assets in cash, cash equivalents, and/or other high-liquidity assets.

Reporting

Alignment  GreenState Credit Union's Social Bond Financing Framework is aligned with this component of the Social Bond Principles.

Score Not aligned **Aligned** Strong Advanced

GreenState Credit Union commits to annually report on the allocation of the net proceeds from its social bonds to eligible social projects as outlined in the Framework. The company's allocation reporting will include actual quantitative performance metrics for the number of mortgages provided to racial minority borrowers and will be updated on an annual basis until it fully allocates the proceeds.

Framework Assessment

Use of proceeds

The Principles make optional recommendations for stronger structuring practices, which inform our alignment opinion as aligned, strong, or advanced. For use of proceeds, we consider the commitments and clarity on how the proceeds are used.

 GreenState Credit Union's Social Bond Financing Framework is aligned with this component of the Social Bond Principles.

Commitments score

Not aligned **Aligned** Strong Advanced

We consider GreenState Credit Union's overall use of proceeds commitments to be aligned.

The company commits to fully allocate the proceeds exclusively to eligible social assets as outlined in the Framework. The eligibility criteria for its social projects include financing or refinancing new or existing first mortgages for racial and ethnic minority member borrowers (defined as individuals who identify as African, American Indian, Asian, Black, Hispanic, Latino, Native Hawaiian, or Other Pacific Islander).

With the goal of advancing financial access and inclusivity, GreenState's Framework seeks to promote socioeconomic equality and accessibility to reduce the current gap for racial minority homeownership in its region, specifically for its low- to moderate-income member borrowers.

In our view, the eligible social projects contribute to increased financial access and equitable financial growth for the underserved racial and ethnic minority populations in the company's region.

Process for project evaluation and selection

The Principles make optional recommendations for stronger structuring practices, which inform our alignment opinion as aligned, strong, or advanced. For our process for project selection and evaluation, we consider the commitments and clarity on the process used to evaluate and select eligible projects to fund with the proceeds of the sustainable finance instrument.

 GreenState Credit Union's Social Bond Financing Framework is aligned with this component of the Social Bond Principles.

Commitments score

Not aligned Aligned **Strong** Advanced


We consider GreenState Credit Union's overall process for project selection and evaluation commitments to be strong.

GreenState Credit Union clearly communicates the processes it uses to evaluate potential borrowers' eligibility for mortgage loans. The company has developed a special-purpose credit program with more flexible criteria (opportunities for grant assistance and reduced down payment and credit score requirements) to help expand the pool of applicants from its targeted population that qualify for mortgages under the guidelines of the Consumer Financial Protection Bureau's Regulation 1002.8. The issuer clearly outlines the evaluation process applicants must go through to be eligible for a loan. The eligibility criteria incorporate explicit guidelines for racial minority applicant qualification, including that the purchasers' income must be below 80% of the median area income and borrowers must participate in mandatory homeownership education courses.

Additionally, the company describes the procedures to identify and manage perceived social and environmental risks associated with the eligible proceeds. Its efforts to mitigate these risks include promoting counseling on financial risk and homeownership literacy, as well as the continuous evaluation of the program's performance and quality. GreenState also describes the decision-making bodies involved in the creation of the Homeownership Inclusivity Initiative.

Management of proceeds

The Principles require disclosure of the issuer's management of proceeds from sustainable finance over the life of the funding. The alignment opinion focuses on how clear in the documentation is the issuer's commitment to ensure that the funds raised will remain dedicated to eligible sustainability projects throughout the life of the sustainable finance funding.

 GreenState Credit Union's Social Bond Financing Framework is aligned with this component of the Social Bond Principles.

The company expects to allocate an amount equal to the net proceeds from the GreenState Social Bond Financing to eligible social holdings in the 36 months following their issuance, which we view as a standard practice. The company also commits to track the proceeds until it achieves full allocation using an internal GreenState Community Investment Tracking Report. GreenState will temporarily invest any portion of the proceeds not immediately allocated to an eligible social asset in cash, cash equivalents, and/or other high-liquidity assets.

In addition, if the company must divest from an eligible social holding, or an eligible social holding no longer meets the eligibility criteria outlined in the Framework, it commits to fully reallocate the proceeds to ensure all proceeds are allocated exclusively to eligible social assets.

Reporting

The Principles make optional recommendations for stronger disclosure practices, which inform our disclosure opinion as aligned, strong, or advanced. We consider plans for updates on the sustainability performance of the issuer for general purpose funding, or the sustainability performance of the financed projects over the lifetime of any dedicated funding, including any commitments to post-issuance reporting.

 GreenState Credit Union's Social Bond Financing Framework is aligned with this component of the Social Bond Principles.

Disclosure score

Not aligned

Aligned

Strong

Advanced

We consider GreenState Credit Union's overall reporting practices to be aligned.

The company commits to report annually on the allocation of the proceeds until it achieves full allocation through its GreenState Social Bond Financing Report. This report will include the amount of proceeds allocated to eligible social assets, the balance of unallocated proceeds, and the total volume and value of the mortgages provided to racial minority borrowers.

While the company's allocation reporting will include actual quantitative performance metrics, including the number of mortgages given to racial minority borrowers, until it fully allocates the proceeds, we view the scope of this metric as narrow compared with more advanced metrics, such as the program's impact on the racial homeownership gap in its region.



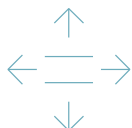


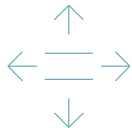
GreenState Credit Union will publicly disclose updates on its progress on its website through its Homeownership Inclusivity Initiative, which we view favorably. However, the allocation reports will not be reviewed by an independent third party.

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

The Sustainable Development Goals (SDGs), which the United Nations (U.N.) set up in 2015, form an agenda for achieving sustainable development by 2030.

We use the International Capital Market Association's (ICMA's) SDG mapping for this part of the report. We acknowledge that ICMA's mapping does not provide an exhaustive list of SDGs and that ICMA recommends each project category be reviewed individually to map it to the relevant SDGs.

GreenState Credit Union's Social Bond Financing Framework intends to contribute to the following SDGs:

Use of proceeds	SDGs		
Financial Inclusion & Access	 <p data-bbox="470 756 617 787">1. No poverty*</p>	 <p data-bbox="682 756 828 850">8. Decent work and economic growth*</p>	 <p data-bbox="917 756 1047 819">10. Reduced inequalities*</p>
Socioeconomic Advancement and Empowerment	 <p data-bbox="470 1071 617 1102">1. No poverty*</p>	 <p data-bbox="682 1071 828 1165">8. Decent work and economic growth*</p>	 <p data-bbox="917 1071 1047 1134">10. Reduced inequalities*</p>

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

Second Party Opinion

Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P) receives compensation for the provision of the Sustainable Financing Opinions product (Product). S&P may also receive compensation for rating the transactions covered by the Product or for rating the issuer of the transactions covered by the Product. The purchaser of the Product may be the issuer.

The Product is not a credit rating, and does not consider credit quality or factor into our credit ratings. The Product does not consider, state or imply the likelihood of completion of any projects covered by a given financing, or the completion of a proposed financing. The Product encompasses Second Party Opinions and Transaction Evaluations. Second Party Opinions consider features of a financing transaction and/or financing framework and provide an opinion regarding alignment with certain third-party published sustainable finance principles and guidelines ("Principles"). For a list of the Principles addressed by our Second Party Opinions, see the Analytical Approach and Analytical Supplement, available at www.spglobal.com. Transaction Evaluations provide an opinion which reflects our assessment of the potential relative environmental benefit of the funded or resilience projects. The Product is a statement of opinion and is neither a verification nor a certification. The Product is a point in time evaluation reflecting the information provided to us at the time that the Product was created and published, and is not surveilled. The Product is not a research report and is not intended as such.

S&P's credit ratings, opinions, analyses, rating acknowledgment decisions, any views reflected in the Product and the output of the Product are not investment advice, recommendations regarding credit decisions, recommendations to purchase, hold, or sell any securities or to make any investment decisions, an offer to buy or sell or the solicitation of an offer to buy or sell any security, endorsements of the suitability of any security, endorsements of the accuracy of any data or conclusions provided in the Product, or independent verification of any information relied upon in the credit rating process. The Product and any associated presentations do not take into account any user's financial objectives, financial situation, needs or means, and should not be relied upon by users for making any investment decisions. The output of the Product is not a substitute for a user's independent judgment and expertise. The output of the Product is not professional financial, tax or legal advice, and users should obtain independent, professional advice as it is determined necessary by users.

While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Product. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for reliance of use of information in the Product, or for the security or maintenance of any information transmitted via the Internet, or for the accuracy of the information in the Product. The Product is provided on an "AS IS" basis. S&P PARTIES MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDED BUT NOT LIMITED TO, THE ACCURACY, RESULTS, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCT, OR FOR THE SECURITY OF THE WEBSITE FROM WHICH THE PRODUCT IS ACCESSED. S&P Parties have no responsibility to maintain or update the Product or to supply any corrections, updates or releases in connection therewith. S&P Parties have no liability for the accuracy, timeliness, reliability, performance, continued availability, completeness or delays, omissions, or interruptions in the delivery of the Product.

To the extent permitted by law, in no event shall the S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence, loss of data, cost of substitute materials, cost of capital, or claims of any third party) in connection with any use of the Product even if advised of the possibility of such damages.

S&P maintains a separation between commercial and analytic activities. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

For PRC only: Any "Sustainable Financing Opinions" or "assessment" assigned by S&P Global Ratings: (a) does not constitute a credit rating, rating, sustainable financing framework verification, certification or evaluation as required under any relevant PRC laws or regulations, and (b) is not intended for use within the PRC for any purpose which is not permitted under relevant PRC laws or regulations. For the purpose of this section, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.