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Positive Impact from Sustainable Finance

Market update

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The SEB logo is displayed in white text on a green background. The letters 'S', 'E', and 'B' are separated by vertical bars, creating a stylized, segmented appearance.

SEB



A decade of Green Bonds




Launches its first Green Bonds
SEK 2,325,000,000
6-year 3.5% Green Bonds
Investing to reduce global warming

Sole Lead Manager


Key Investors

Senior Co-Manager


Co-Manager






The five pillars of Green Bonds & Sustainable Finance

A concept of simplicity built on five pillars

<p>1</p> <p>Definition Use of proceeds</p> <ul style="list-style-type: none"> Identification and definition of investment areas / assets which are eligible for Green Bond financing <p>The Green Bond universe is divided into the following areas that target climate stress:</p> <ul style="list-style-type: none"> Mitigation Adaptation Environmental 	<p>2</p> <p>Selection Process for project evaluation/selection</p> <ul style="list-style-type: none"> The Green Bond selection process ensures the right assets in line with the Green Bond framework are evaluated and selected <p>Establish procedures and secure ongoing monitoring</p> <ul style="list-style-type: none"> It is recommended to include climate competence in the selection process Climate competence function(s) often has veto right in the selection process 	<p>3</p> <p>Monitoring Management of proceeds</p> <ul style="list-style-type: none"> The proceeds raised via the Green Bond should be earmarked to support lending to the established eligible Green criteria <ul style="list-style-type: none"> There are several ways an issuer can earmark Green Bond proceeds, for example <ul style="list-style-type: none"> Earmarked account Balanced earmarked positions Virtual Green balance sheet 	<p>4</p> <p>Reporting Transparency</p> <ul style="list-style-type: none"> To uphold credibility it is essential to be transparent towards investors and the market <ul style="list-style-type: none"> Obtained via an annual publically available investor letter The letter should include a list of areas financed, a selection of project examples and a summary of the investor's Green development Identification of relevant impact measurements 	<p>5</p> <p>Verification Assurance through external review</p> <ul style="list-style-type: none"> Credibility is essential for the long-term development of the Green Bond market place <ul style="list-style-type: none"> Second opinion conducted by an independent third party specialist The primary objective is to verify the 'Greenness' of the investor's projects/areas Additionally, external assurance providers to verify the selection process in line with the Green Bond framework
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The Green Bond universe

- Energy efficiency and other energy related initiatives (e.g. renewables) are driving the market at the moment
- Other project types include energy efficiency, sustainable housing, water management and waste management

Overview of selection process

Example of earmarking

The investor letter

Who provides second opinions?

- Cicero, DNV, Oekom, Sustainalytics, Vigeo

Why does SEB use Cicero?

- It's a non for profit academic institution
- Cicero is broadly recognized, providing research for G8, OECD, UN and the World Bank
- They have a well developed international network of climate scientists which can be activated for regional development

Green Bond market ecosystem and investor engagement

Drivers overview

Economic

- Climate stress a financial risk
- Action vs. business as usual
- Allocation to resource efficiency

Regulatory environment

- Increasing focus on the need of climate financing
- Recognition of financial stability risk
- Market incentives

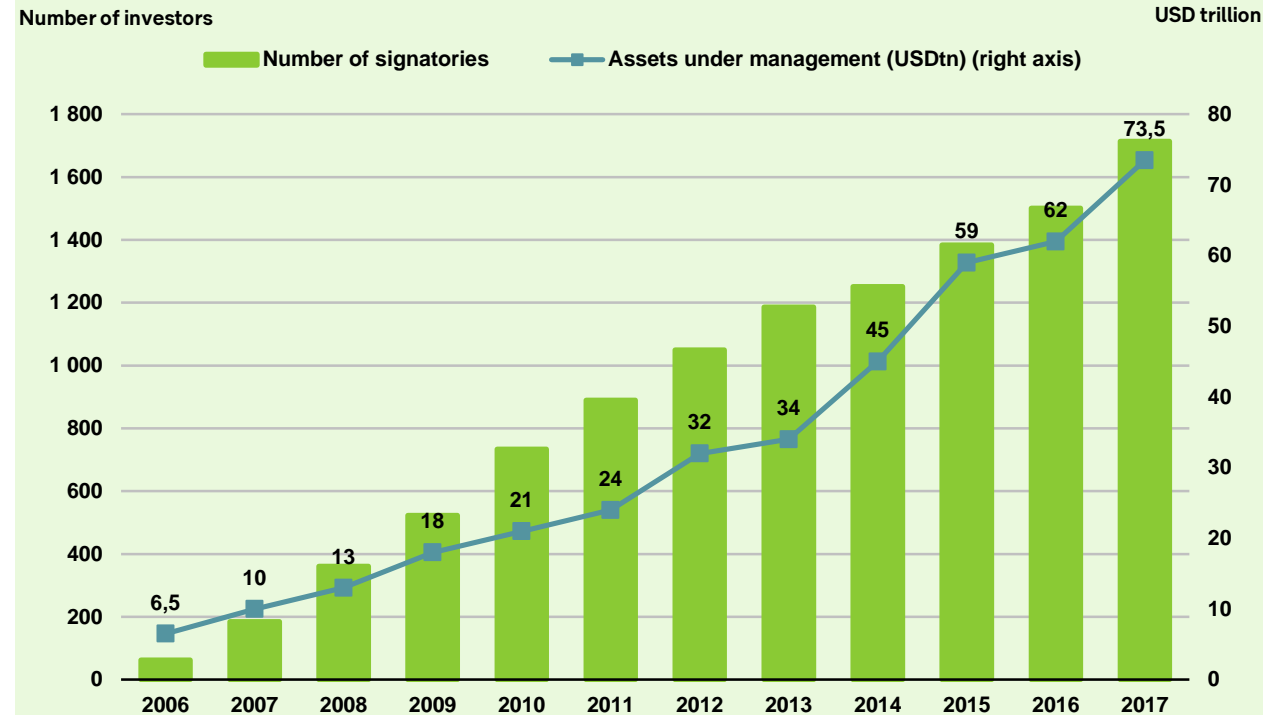
Regional benchmarks

- Challenges and opportunities differ
- Regions are at different stages in the transition

International initiatives

- ✓ UNPRI
- ✓ COP21
- ✓ G20 Green Finance Study Group

Investor engagement continues to grow through UNPRI* signatories



Source: www.unpri.org

Green Bond Funds - examples

- SSgA
- AXA
- Calvert
- Mirova
- Storebrand / SPP
- SEB
- BlackRock
- Allianz
- Amundi
- Colombia Threadneedle
- Erste AM
- NN

Green Bond listings

- Oslo
- Nasdaq Stockholm
- London
- Luxembourg
- Shenzhen
- Paris
- Amsterdam
- Borsa Italia
- Johannesburg
- Mexico City
- Riga
- Lisbon

Green Bond indices

- Solactive
- Bloomberg/ MSCI
- S&P/Dow Jones
- BAML
- Shenzhen / Luxembourg
- Various China Green Bond indices

Value proposition of Green finance

Investors

- Achieve intelligence on climate related issues inside existing management structure
 - Risk management
 - Climate stress
 - Regulations
 - Technology transition
- Live your values - competitiveness

Issuers

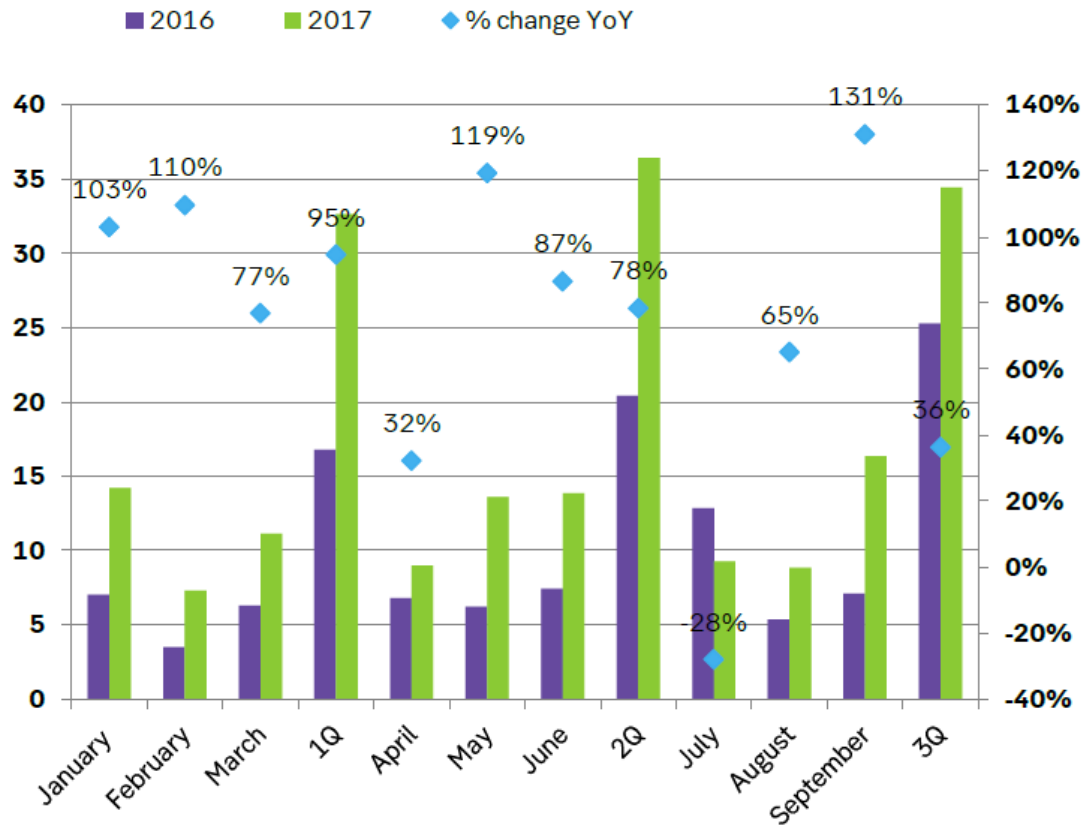
- Strengthen the financial position:
 - Investor diversification
 - Deepened dialogue
 - Enhanced issuance flexibility
- Targeted dialogue between operations (projects), Finance and Management
- Live your values - competitiveness

Society

- Activate (mobilize) human capital inside finance for society goals

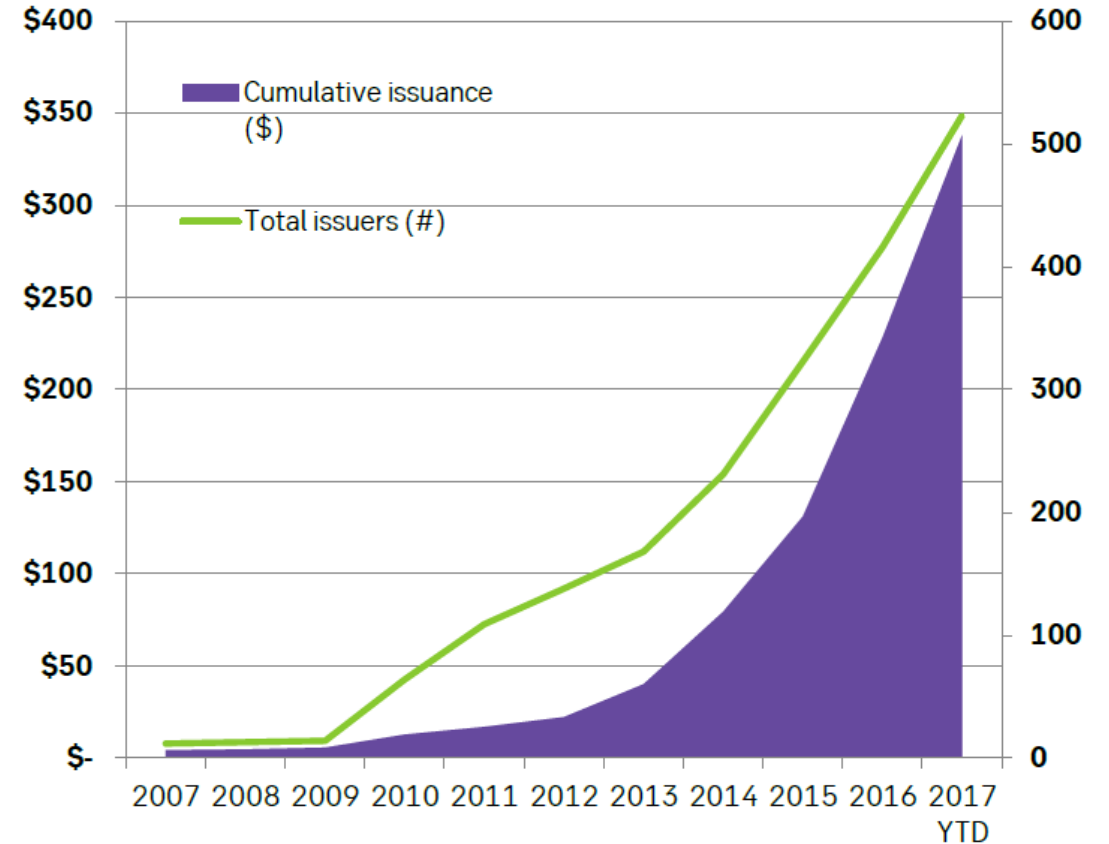
Global Green Bonds issuance: 2017 (YTD) and cumulative

Figure 1. Periodic issuance (USD Bn) and % change YoY



Source: SEB analysis based on Bloomberg/BNEF and SEB data

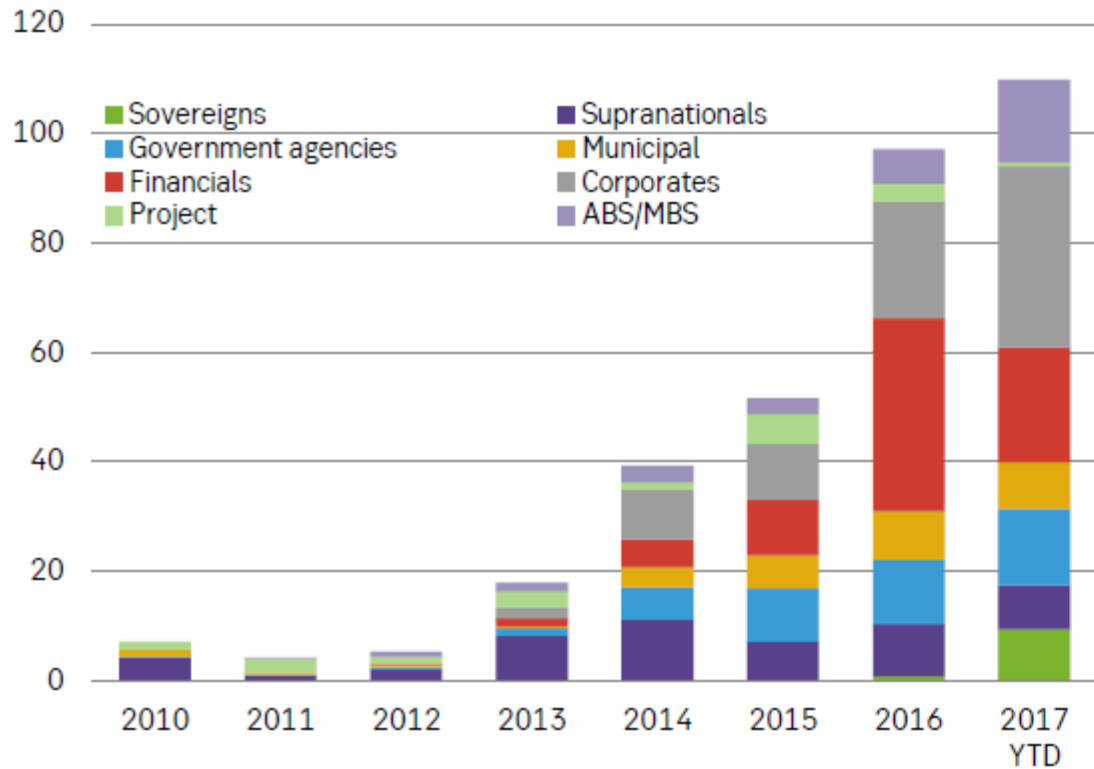
Figure 2. Total cumulative issuance (USD Bn) and # of issuers



Source: SEB analysis based on Bloomberg/BNEF and SEB data. YTD through October 10.

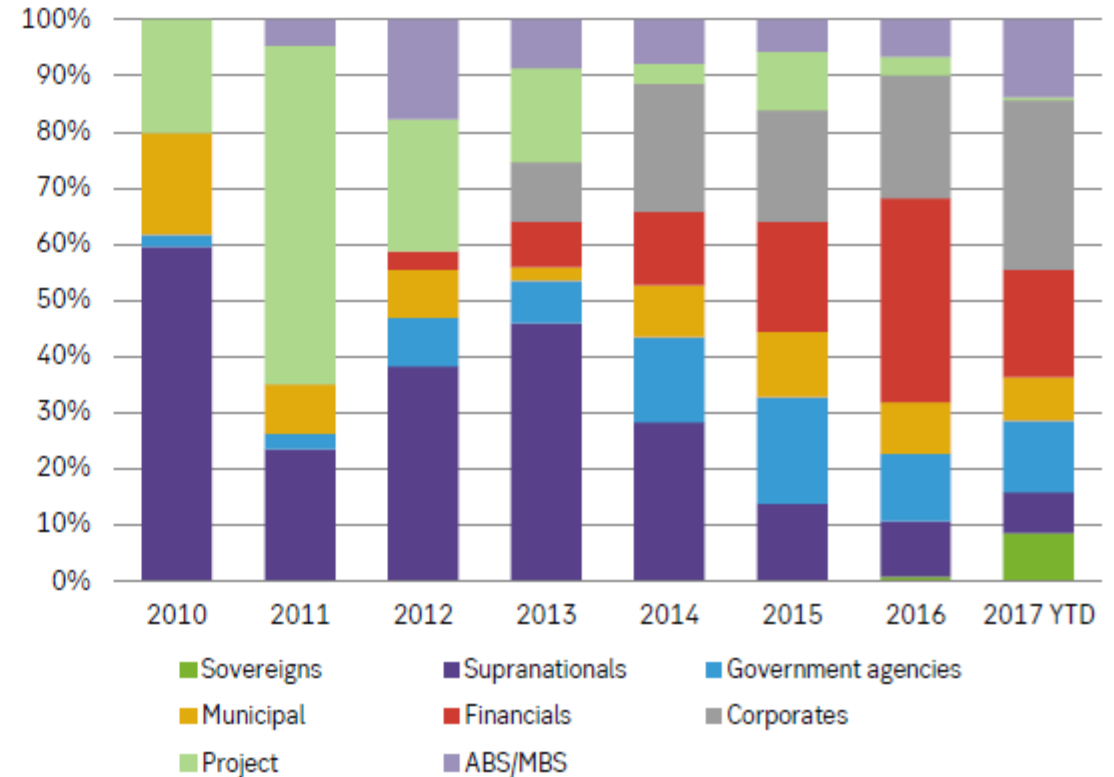
Issuance by year and by sector

Figure 11. Issuance evolution by sector 2010-2017



Source: SEB analysis based on Bloomberg/BNEF and SEB data. YTD through October 10.

Figure 12. Sector shares, issuance 2010-2017



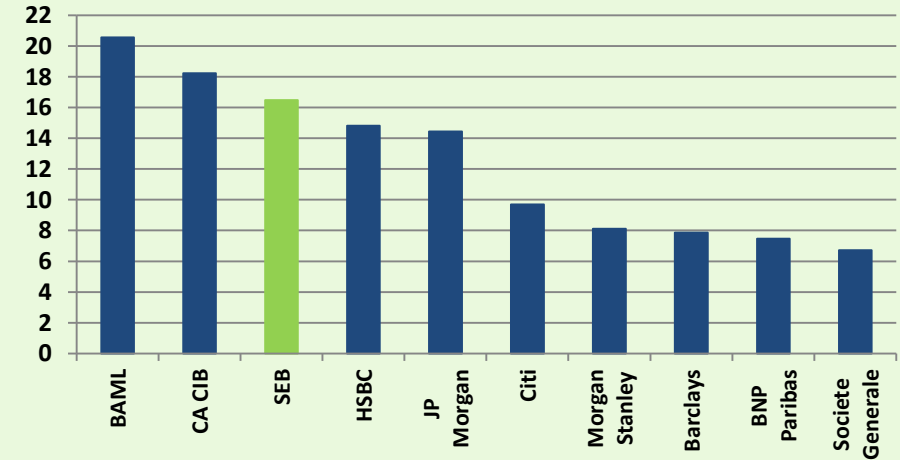
Source: SEB analysis based on Bloomberg/BNEF and SEB data. YTD through October 10.

League tables for Green Bond underwriting

Selected Green Bond issues underwritten by SEB

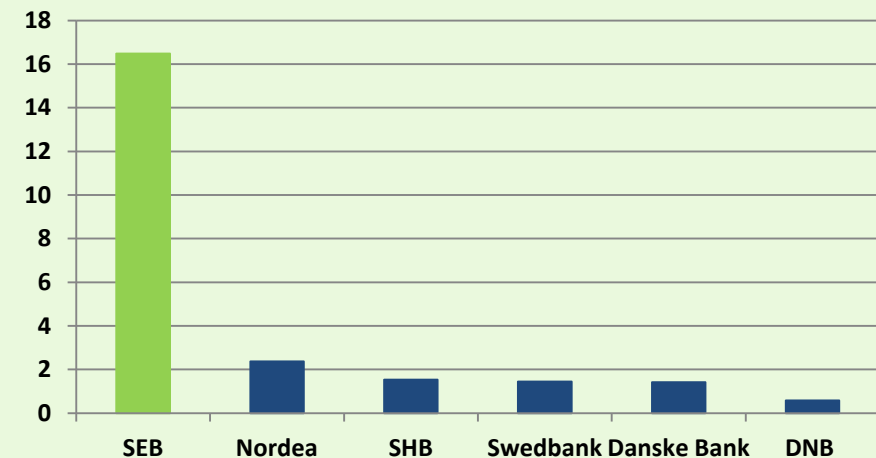
<p>KFW Bank für Sozialwirtschaft</p> <p>5 year EUR 1.5 billion 0.375% July 2019 Joint Lead</p> <p>SEB</p>	<p>NWB) BANK NEDERLANDSE NUTSCHEFFBANK N.V.</p> <p>5 year EUR 500m 0.625% July 2019 Joint Lead</p> <p>SEB</p>	<p>ING</p> <p>5 yr EUR 500mm / 3 yr USD 800m 0.75% / 2.00% Nov 2020/ Nov 2018 Joint Lead Manager</p> <p>SEB</p>	<p>HSBC</p> <p>5 year EUR 500m , 0.625% Dec 2020 Joint Green Structuring Advisor Joint Lead Manager (no books)</p> <p>SEB</p>
<p>IFC</p> <p>USD 1billion 0.625% fixed bond November 2016 Joint Lead</p> <p>SEB</p>	<p>THE WORLD BANK</p> <p>SEK 3,250m 3.500% fixed bond November 2014 Sole Lead</p> <p>SEB</p>	<p>European Bank for Reconstruction and Development</p> <p>USD 250m 1.625% fixed bond April 2018 Joint Lead</p> <p>SEB</p>	
<p>SKANSKA</p> <p>5 year SEK 850m FRN April 2019 Sole Bookrunner</p> <p>SEB</p>	<p>SCA Care of Life</p> <p>5 year SEK 1bn/500m 2.500% / FRN April 2019 Sole Bookrunner</p> <p>SEB</p>	<p>KBN Kommunalbanken Norway</p> <p>USD 500m 0.750% fixed bond Nov 2016 Joint Lead</p> <p>SEB</p>	<p>European Investment Bank</p> <p>SEK 2,100m 3.000% fixed bond April 2019 Joint Lead</p> <p>SEB</p>
<p>NiB</p> <p>5 year SEK 1 billion 0.625% January 2021 Sole Lead</p> <p>SEB</p>	<p>VASAKRONAN</p> <p>SEK 1,300m 1.774% / FRN May 2016 Sole Lead</p> <p>SEB</p>	<p>EDC</p> <p>USD 300m 0.875% fixed bond January 2017 Joint Lead</p> <p>SEB</p>	<p>Korea Eximbank</p> <p>USD 500m 1.750% fixed bond February 2018 Joint Lead</p> <p>SEB</p>

Top 10 Global Green Bond Underwriters Q1 2007 – Q3 2017 (USD bn)



Source: Bloomberg

Top Nordic Green Bond Underwriters Q1 2007 – Q3 2017 (USD bn)



Source: Bloomberg

Nordic and Baltic Green Bond issuers by sector

58 issuers, 38 of whom have chosen SEB as structural advisor and bookrunner for their inaugural Green Bonds (i.e. 66% by SEB, 34% split among other banks)

Nordic Green Bond issuers by sector <i>(italics = not structured by SEB)</i>				
<u>Real estate</u>	<u>Public sector</u>	<u>Financial</u>	<u>Energy</u>	<u>Industrial</u>
Atrium Ljungberg	City of Gothenburg	Altum	Agder Energi	SCA
<i>Castellum</i>	Lunds kommun	<i>DNB</i>	<i>Aligera</i>	Skanska
Entra	Norrkopings kommun	<i>Nordea</i>	<i>Arise</i>	<i>Sveaskog</i>
<i>Fabege</i>	Örebro kommun	SBAB Bank	BKK	Södra Skogsägarna
Förvaltaren	<i>City of Oslo</i>	SEB AB	Fingrid	<i>Vestas</i>
<i>Humlegarden</i>	Västeras stad	SEK	Fortum Värme	
<i>OBOS</i>	Kommunalbanken	<i>Swedbank</i>	Eidsiva Energi	
Rikshem	Kommunekredit	Volvofinans	Latvenergo	
<i>Rodamco Sverige AB</i>	Kommuninvest		Lietuvos Energija	
Stångastaden	Municipality Finance		<i>LM Wind Power</i>	
<i>SKB</i>	NIB		Lyse energi	
SFF	Region Skåne		<i>Nelja energi</i>	
Uppsalahem	Stockholms Lans Landsting		<i>NTE</i>	
Vasakronan	Östersunds kommun		<i>Scatec Solar</i>	
			<i>Wallenstam</i>	
			<i>Vardar</i>	
			Ørsted	
14 (SEB 8)	14 (SEB 13)	8 (SEB 5)	17 (SEB 9)	5 (SEB 3)

Case study: Green definitions by Atrium Ljungberg AB



ATRIUM LJUNGBERG

Green Bonds Framework

17 February 2017

1. EARMARKED ACCOUNT

An amount equal to the net proceeds of the issue of the Green Bonds will be credited to a Special Account that will support Atrium Ljungberg's Eligible Projects as defined below. As long as the Green Bonds are outstanding and the Special Account has a positive balance, at the end of every fiscal quarter, funds will be deducted from the Special Account and added to Atrium Ljungberg's lending pool in an amount equal to all disbursements from that pool made during such quarter in respect of Eligible Projects. Until disbursement to Eligible Projects, the special account balance will be placed in liquidity reserves.

2. ELIGIBLE PROJECTS

"Eligible Projects" means a selected pool of assets that are funded, in whole or in part, by Atrium Ljungberg and that promote the transition to low carbon and climate resilient growth as determined by Atrium Ljungberg.

Eligible Projects:

- New and existing commercial and residential properties that have or will have a certification from:
 - BREEAM or BREEAM In-use with a minimum certification level of at least Very Good or
 - Miljöbyggnad with a minimum certification level of at least Silver
- Major renovation of residential and commercial properties leading to a reduced energy use per year on a m² basis of at least 35 per cent.
- Energy efficiency projects leading to a reduction of energy use of at least a 35 per cent.
- Renewable energy (solar, geothermal and wind power).
- Clean transportation infrastructure for electric cars.

Atrium Ljungberg's Green Bonds will not finance fossil fuel generation projects.

Green Loans: Case study - SEB's Green Bond framework



Green buildings

1. Commercial or residential buildings with an energy use per year on a m² basis that is at least 25 per cent lower than that required by applicable national codes and regulations at the time of approval by the SEB Group of that project and that meet at least the minimum requirements of:
 - a) LEED "gold" certification;
 - b) BREEAM "very good" certification;
 - c) Sweden Green Building Council Miljöbyggnad "silver" certification;
 - d) Nordic Swan Ecolabel (Svanen) certification; or
 - e) any equivalent certification as determined by the Environmental Function of SEB Group Corporate Sustainability;
2. Commercial or residential buildings in Sweden with an energy use per year on a m² basis that is at least 25 per cent lower than that required by applicable Swedish codes and regulations at the time of approval by the SEB Group of that project; and
3. Major renovations of commercial or residential buildings leading to reduced energy use per year on a m² basis of at least 35 per cent

Key documents in the Green Bond process

Green Bond Framework

Entra – Green Bonds Framework

2 September 2016

EARMARKED ACCOUNT

An amount equal to the net proceeds of the issue of the Notes will be credited to a special account that will support Entra's lending for Eligible Projects. As long as the Notes are outstanding and the special account has a positive balance, at the end of every fiscal quarter, funds will be deducted from the special account and added to Entra's lending pool in an amount equal to all disbursements from that pool made during such quarter in respect of Eligible Projects. Until disbursement to Eligible Projects, the special account balance will be placed in liquidity reserves.

ELIGIBLE PROJECTS

"Eligible Projects" means a selected pool of projects funded, in whole or in part, by Entra

Annual investor reporting

Green Bond

IMPACT REPORT

JUNE 2016



Second Opinion



'Second Opinion' on Agder Energi's Green Bond Framework

The Green Bond Principles



Voluntary Process Guidelines for Issuing Green Bonds

Introduction

The Green Bond market aims to enable and develop the key role debt markets can play in funding projects that contribute to environmental sustainability. The Green Bond Principles (GBP) promote integrity in the Green Bond market through guidelines that recommend transparency, disclosure and reporting. They are intended for use by market participants and are designed to drive the provision of information needed to increase capital allocation to such projects. With a focus on the use of proceeds,

The 2017 Edition of the GBP

This edition of the GBP benefits from the input of the Autumn 2016 consultation of GBP Members and Observers, as well as from the working groups coordinated by the GBP Executive Committee which reflected on the key themes that surfaced from the consultation. There was also an emphasis on widening the working groups beyond the GBP Executive Committee to participants with relevant expertise from GBP Members and Observers. This update also aims to reflect ongoing feedback from the wider Green Bond stakeholder community and to take into account recent market developments.

The 2017 update remains framed by the same four core components (Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting). It also continues to underline the importance of the use of the recommended templates framing issuer alignment with the GBP and the content of external reviews available at the Resource Centre at www.icmagroup.org/gssbresourcecentre. The 2017 edition reflects overall the growing maturity of the GBP

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Thank you!

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