

Sustainable Bonds Global Market State and Trends

SEB

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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



skandia:



Senior Co-Manager

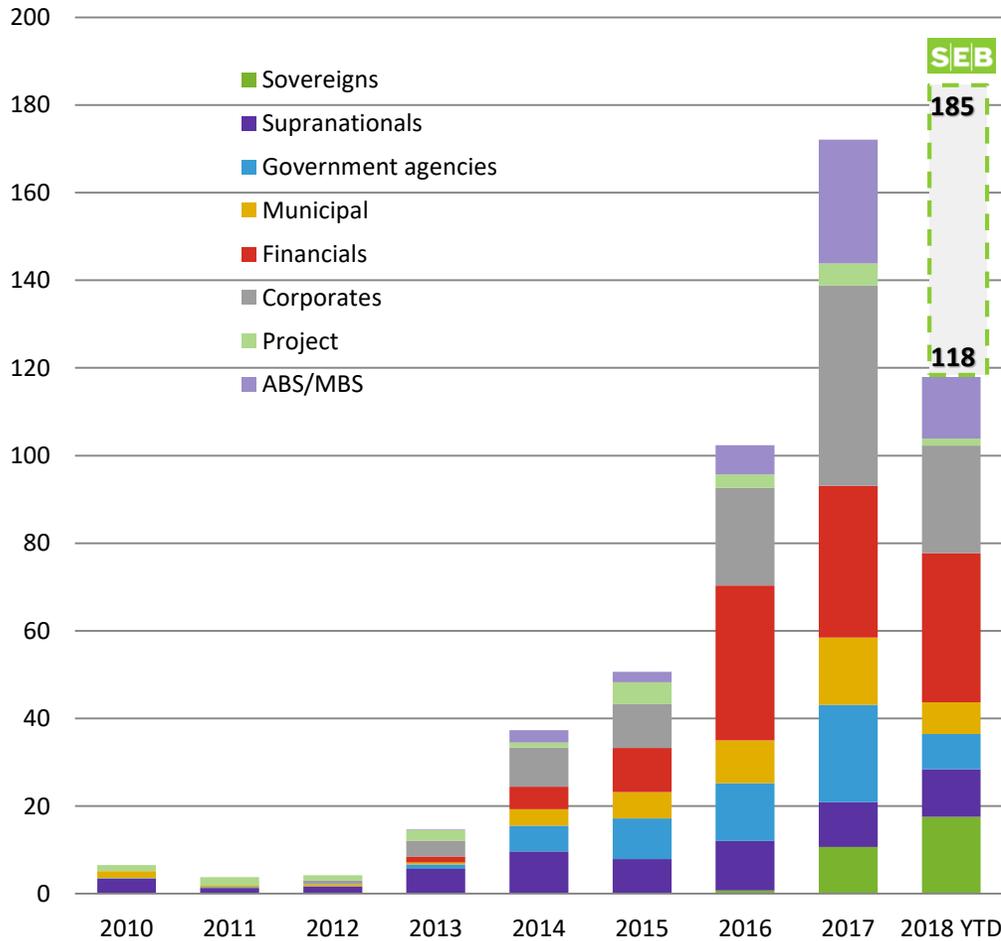


Co-Manager



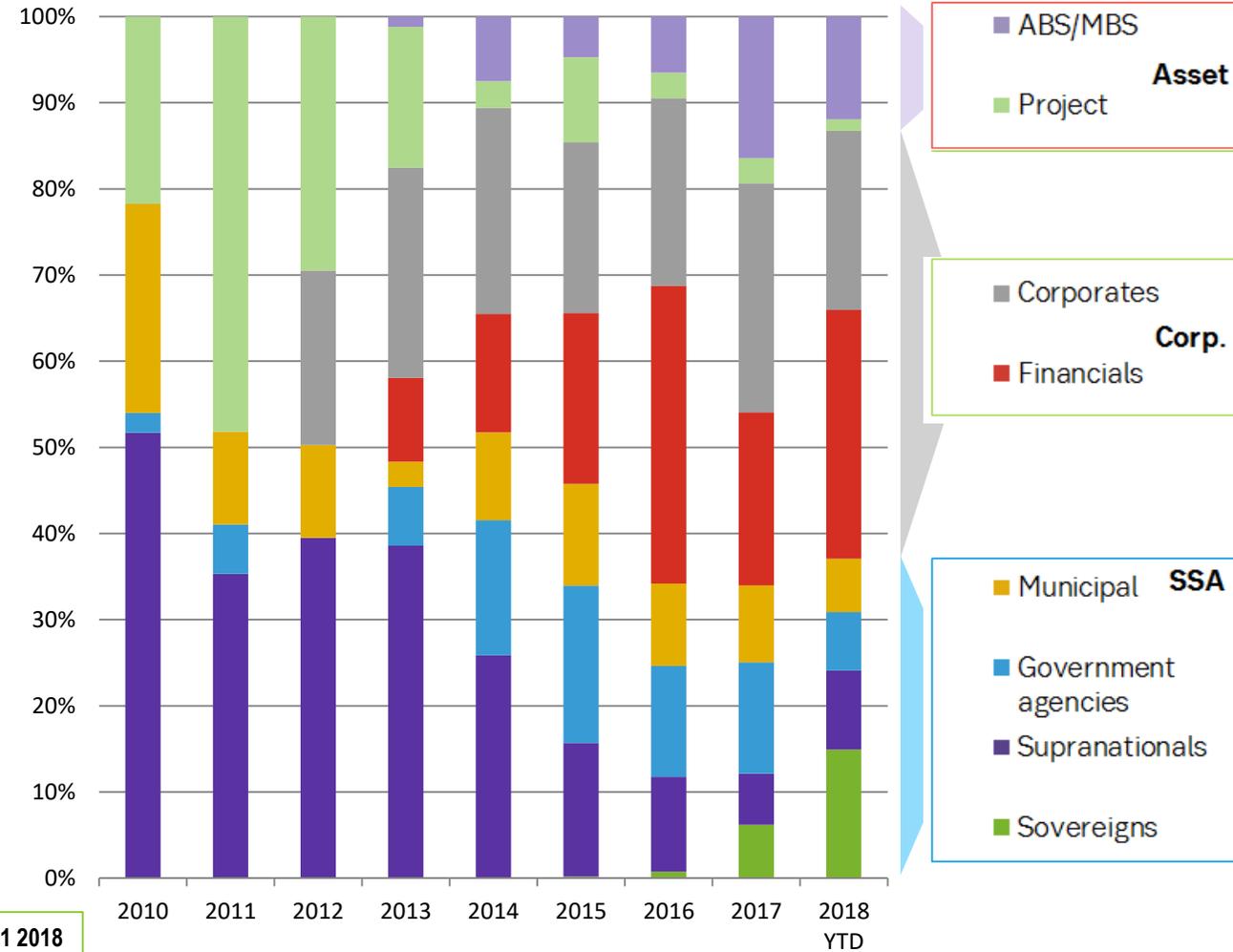
Green bond market growth and sectors of the market shifting: USD 500 bn+ in 10 years

Green bond market growth (USD Bn) by sector



YTD : Oct 11 2018

Sectoral evolution (% share of annual issuance)



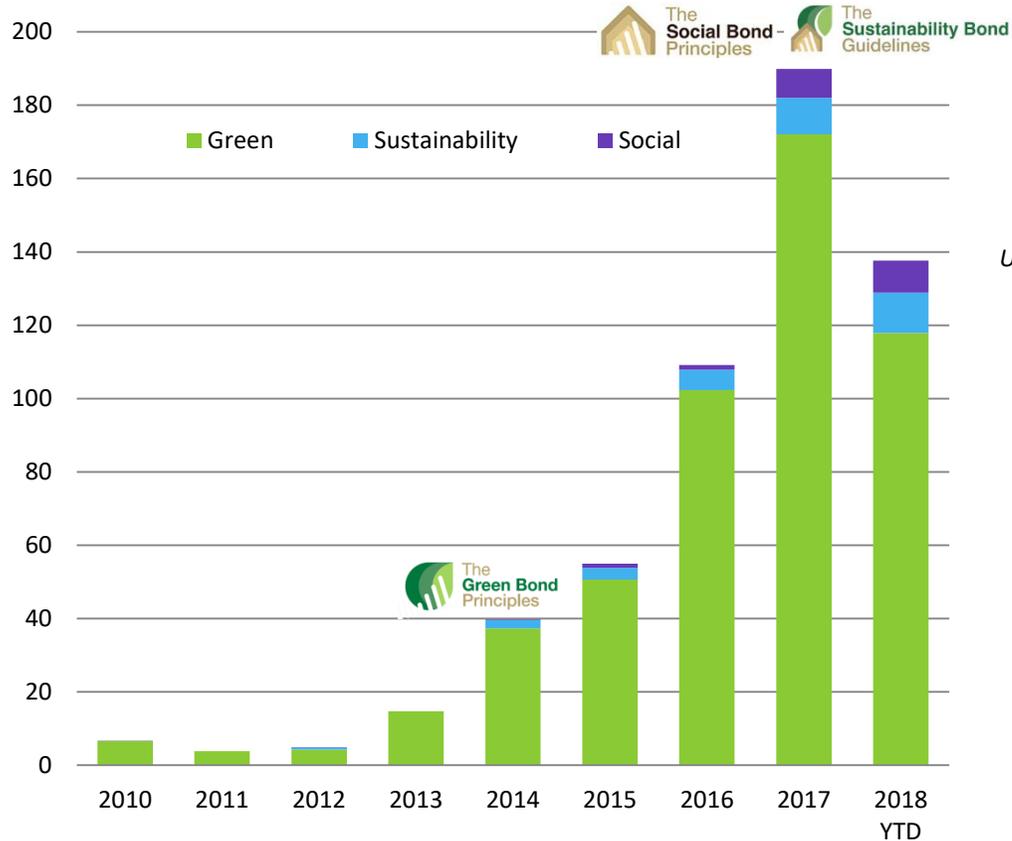
Source: SEB analysis based on Bloomberg and SEB data

Source: SEB analysis based on Bloomberg and SEB data. SSA: Sovereign, sub-sovereign (municipal/regional), Supranational and Agency.

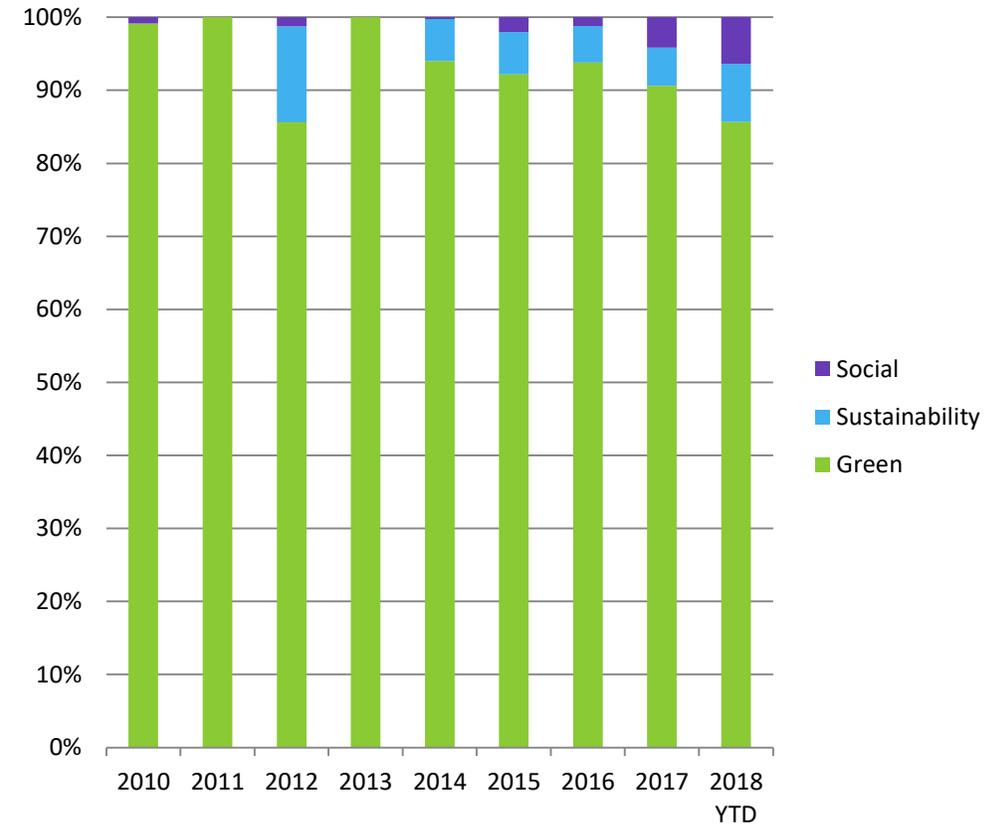
USD 564 billion Sustainable Bond Market

Green dominates, but Sustainability and Social Bonds taking off since launch of the Social Bond Principles and Sustainability Bond Guidelines in 2017

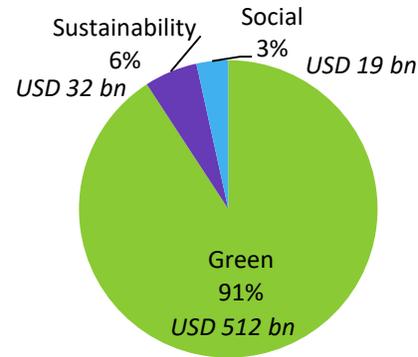
Sustainable Bond issuance by type (USD Bn)



Sustainable Bond issuance by type (% Share)

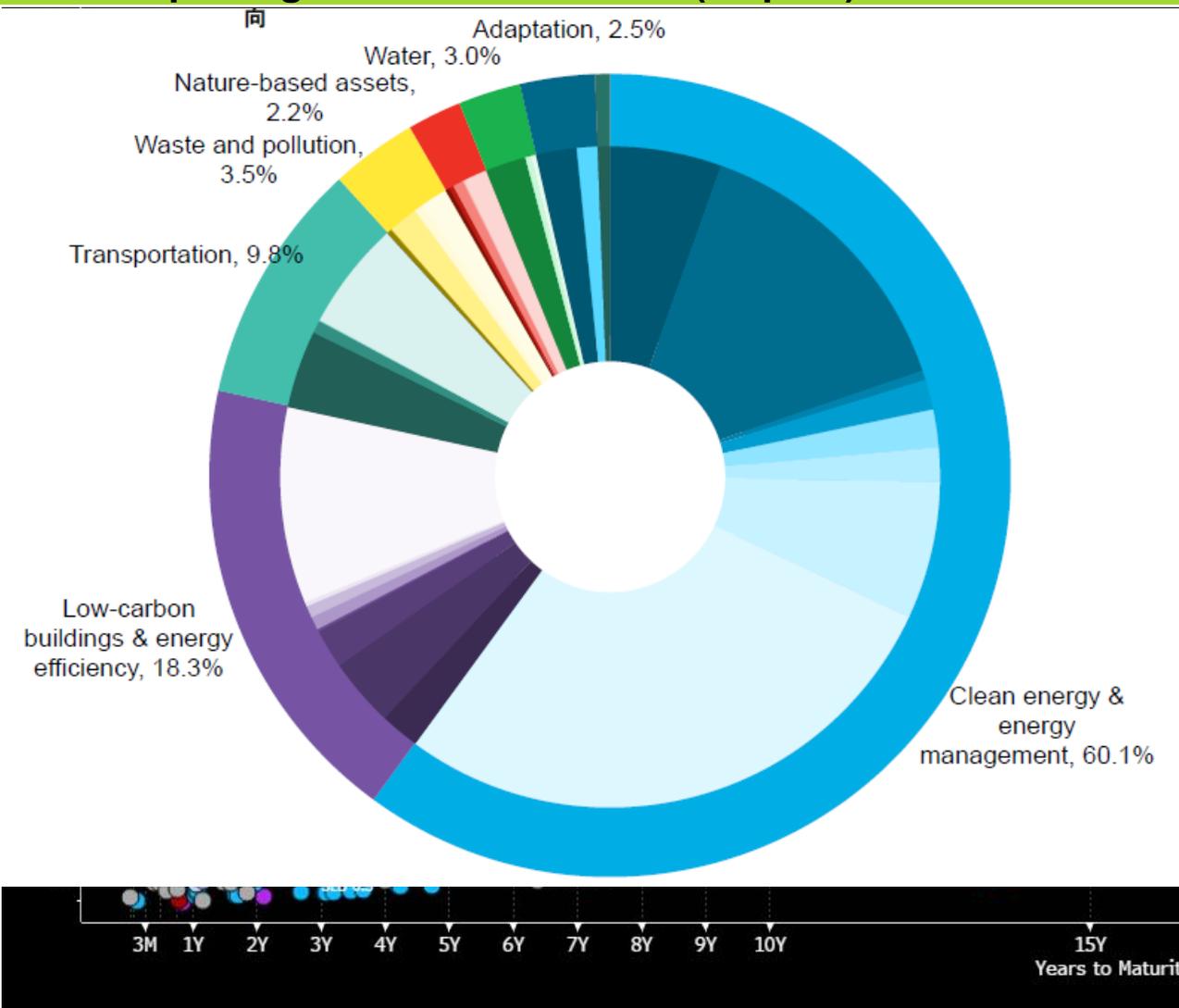


Sustainable Bond Cumulative Issuance



Global Green Bond Market by Sector, Yield and Maturity

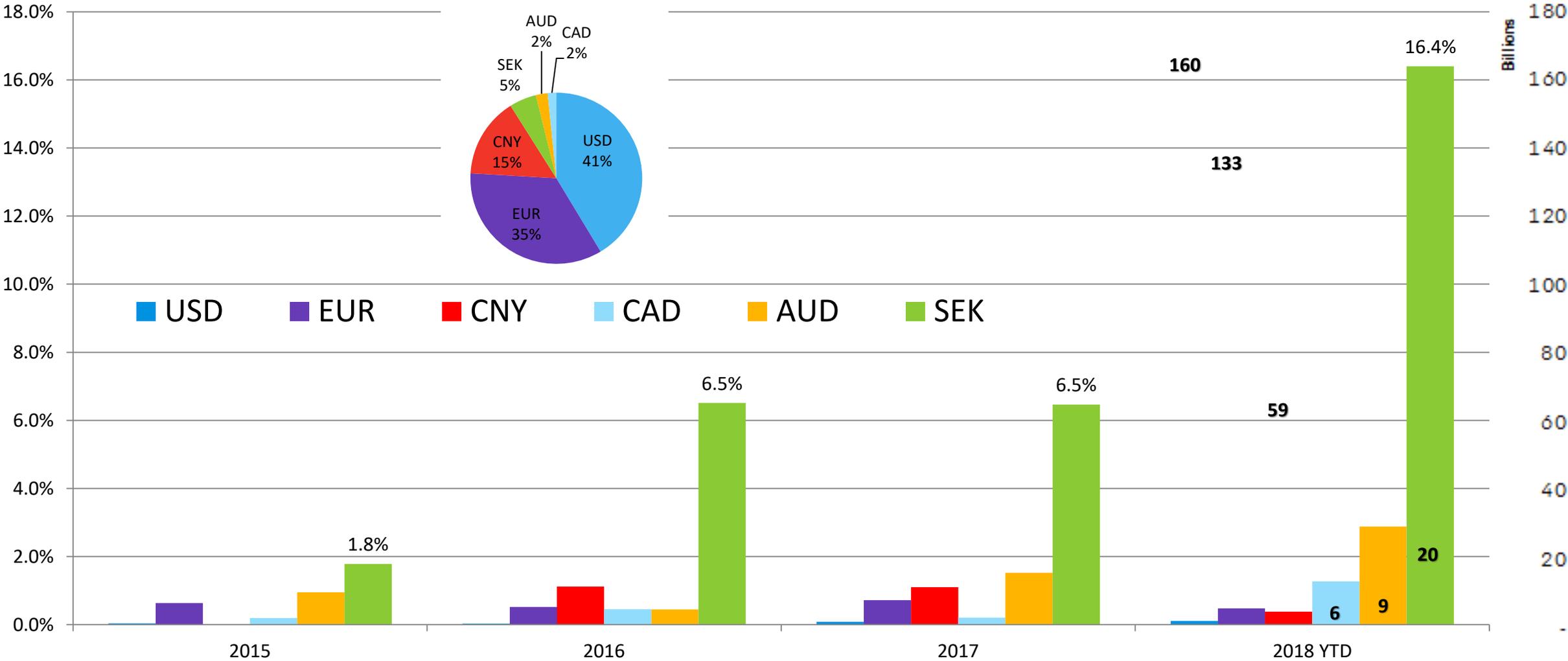
Reporting on Use of Proceeds (ex-post) 2014-2017



Note: Excludes project bonds, ABS and US Municipal
 Source: SEB analysis using Bloomberg BVAL pricing (Sept 21, 2018)

Green share of total bond issuance by select currency

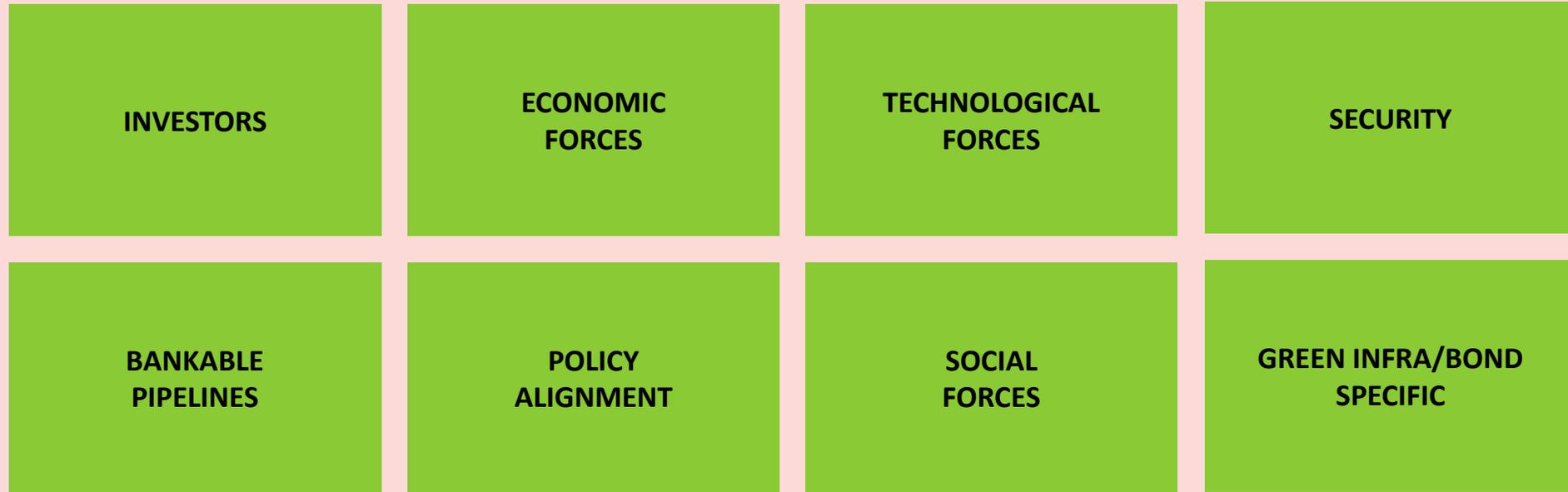
Cumulative green bond issuance by currency (Right Axis)



Source: SEB analysis based on Bloomberg and SEB data
YTD as of May18 2018

Drivers of underlying green infrastructure investment

Environmental and Biophysical Stress

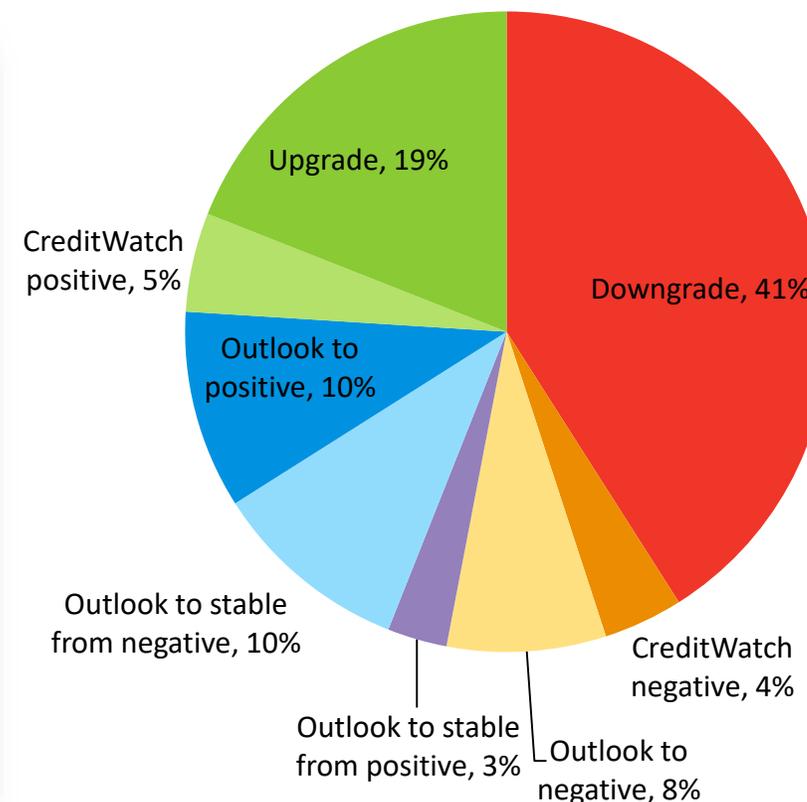


S&P look-back study of environmental risks

Findings

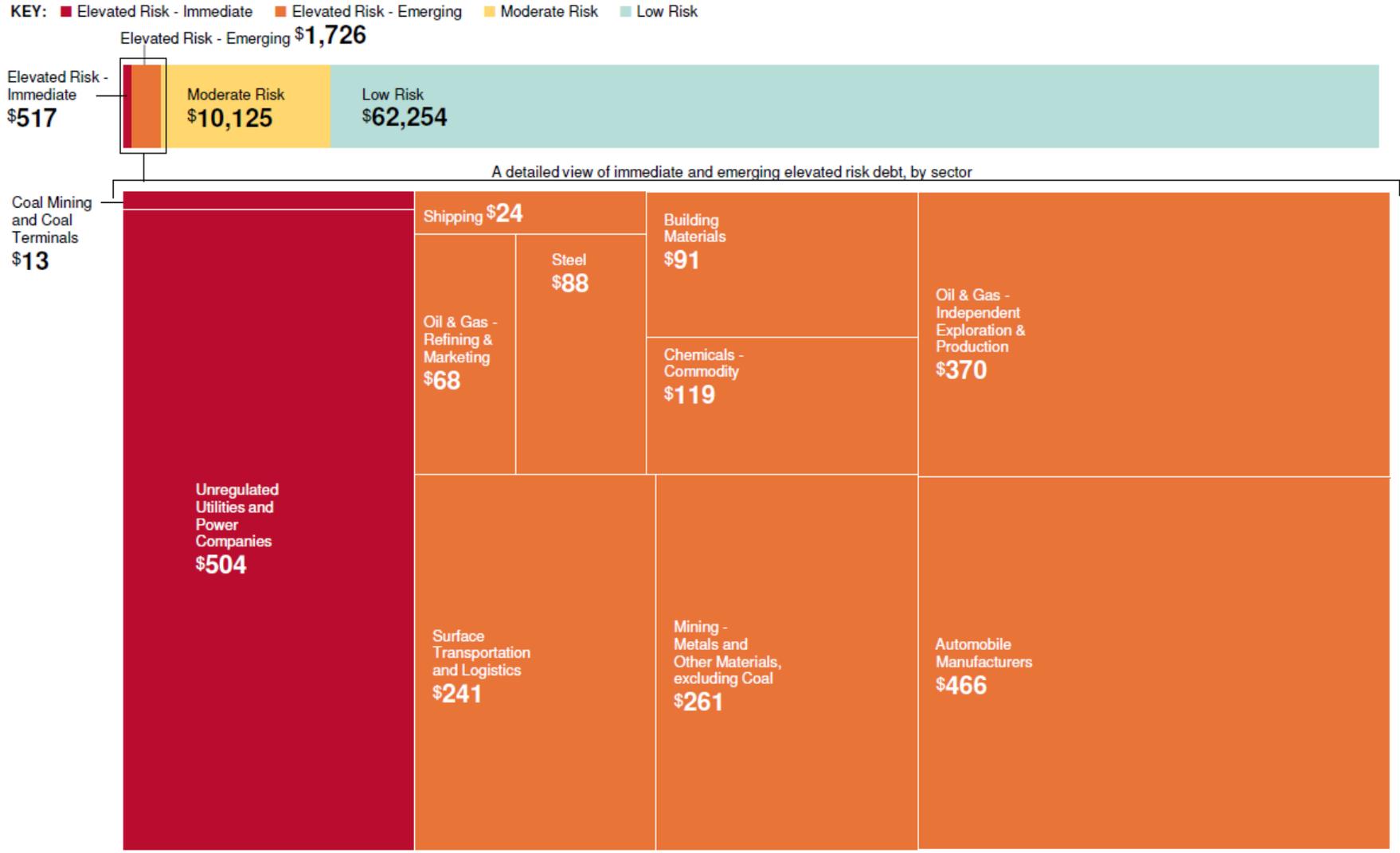
S&P found 717 ratings over last 2 years where environment and climate risks were a material factor in the analysis and 106 where these led to a rating action

- Of these 106 research updates that listed a climate or environmental factor as a key driver to the rating change, the largest share (41%) were downgrades
- However analyzing these results further, we see that when grouping results into positive and negative rating actions, the outcomes are more balanced, with 44% being in the positive direction and 56% being in the negative direction.



For 11 sectors, with \$2.2 trillion in rated debt, environmental risks are already ratings-relevant or will be in the coming few years.

Breakdown of “Elevated Risk” (Immediate/Emerging) sectors in environmental risks heat map (in USD bn)



Note: Boxes are sized relative to the value of rated debt (in US\$ billion) and color indicated for overall credit exposure.

Source: Moody's Investors Service

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