

A dark blue background featuring a faint, stylized world map. The map shows the continents in a lighter shade of blue, creating a subtle pattern across the entire slide.

# **Investor presentation Green Bond**

November 2019

# **SEK**

# SEK's mission and vision

**SEK's mission** is to ensure access to sustainable financial solutions for the Swedish export industry on commercial terms.

**SEK's vision** is to strengthen the competitiveness of Swedish exporters and help create employment and sustainable growth in Sweden.

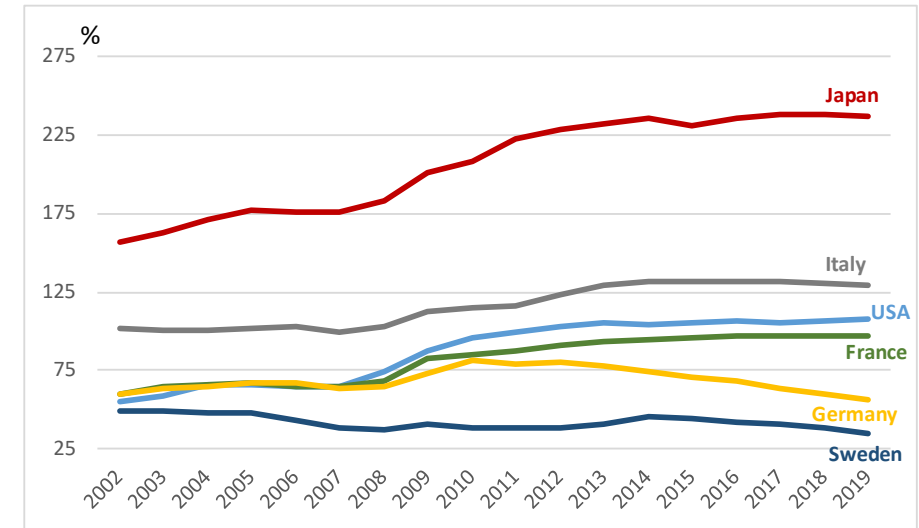


100% owned by the  
Swedish government

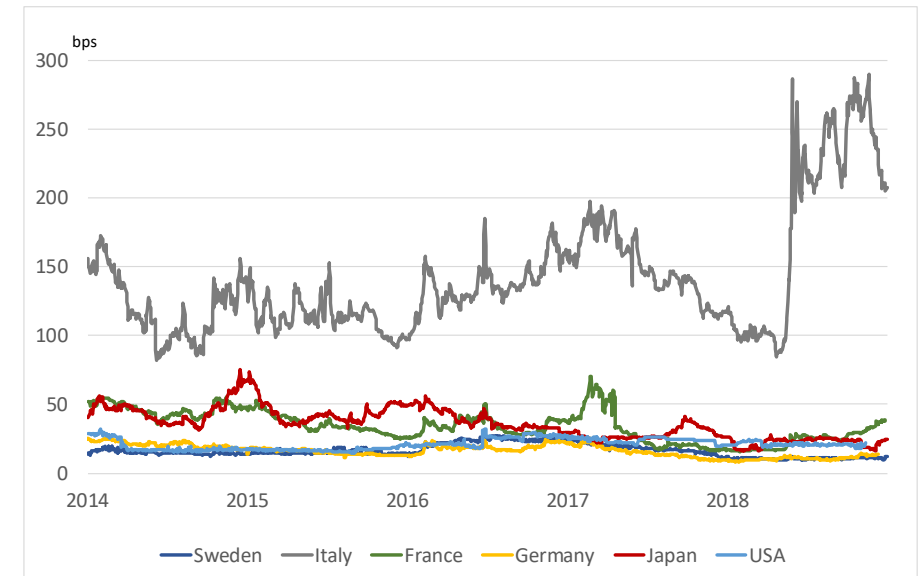
# Economy of Sweden

Rating	AAA/Aaa/Aaa
GDP growth Q2 2019 (QoQ/YoY)	0.1% / 1.0%
GDP growth 2018	2.3%
GDP 2018	USD 551bn*
GDP per capita 2018	USD 54 100*
Unemployment Oct 2019	6.6%**
CPI / CPIF*** Oct 2019 (YoY)	1.6% / 1.5%
Repo Rate Oct 2019	-0.25%

\* USD/SEK average 2018, 8.70  
 \*\* Seasonally adjusted, % of labour force  
 \*\*\* CPIF = CPI with fixed mortgage rates

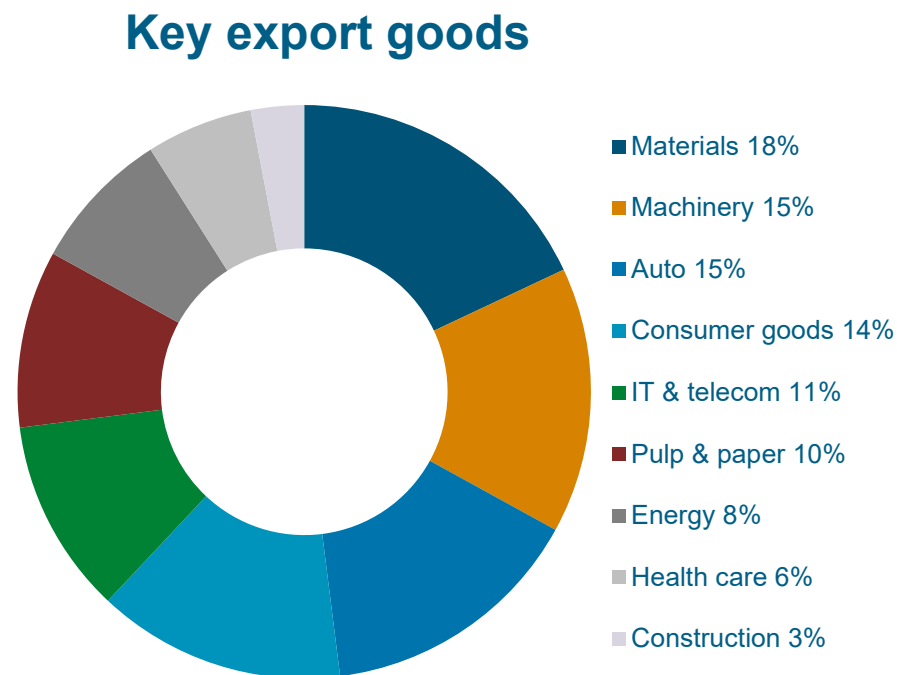
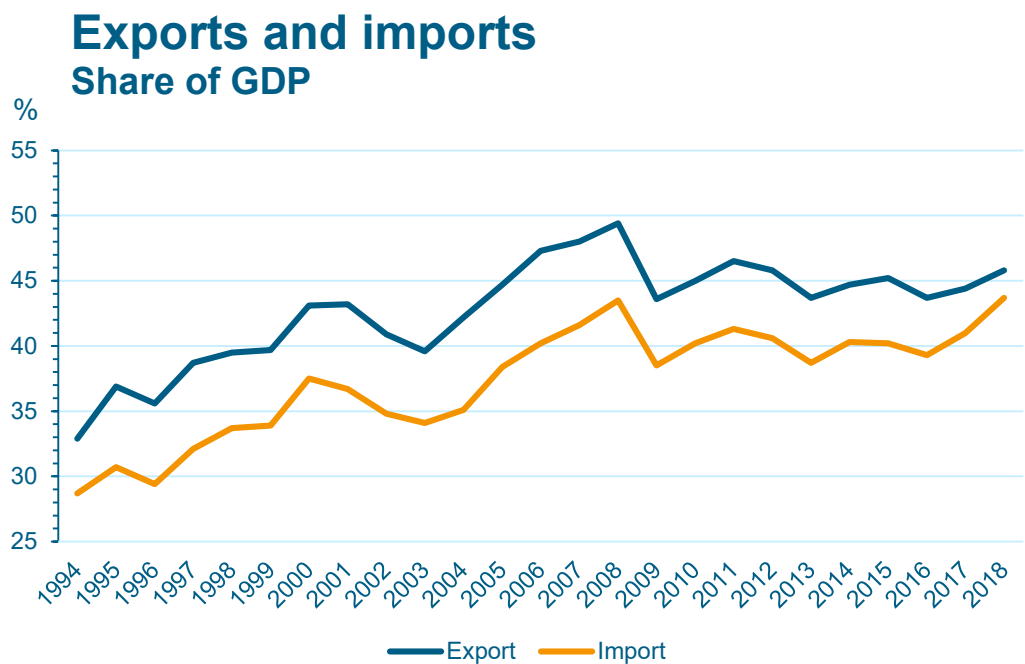


## Public debt to GDP



## 5 year CDS spreads

# Swedish Exports – large part of GDP and well diversified



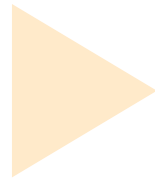
# Well-known Swedish exporters



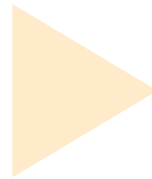
# The Swedish Export Credit System



**Exporter**  
negotiates  
with buyer



**Bank**  
arranges



**EKN**  
guarantees



**SEK**  
finances

# Ratings

## STANDARD & POOR'S

**AA+ (stable)**

## MOODY'S

**Aa1 (stable)**

*"...there is an extremely high likelihood of timely support to SEK from the Swedish government..."*

*"[SEK's] capital ratios reflect its high-quality loan book and associated guarantees, highly rated exposures in its liquidity portfolio, and superior capital base..."*

*"SEK is an important pillar of Swedish exporters' success: it has strong relationships with Sweden's largest exporters..."*

October 17, 2018

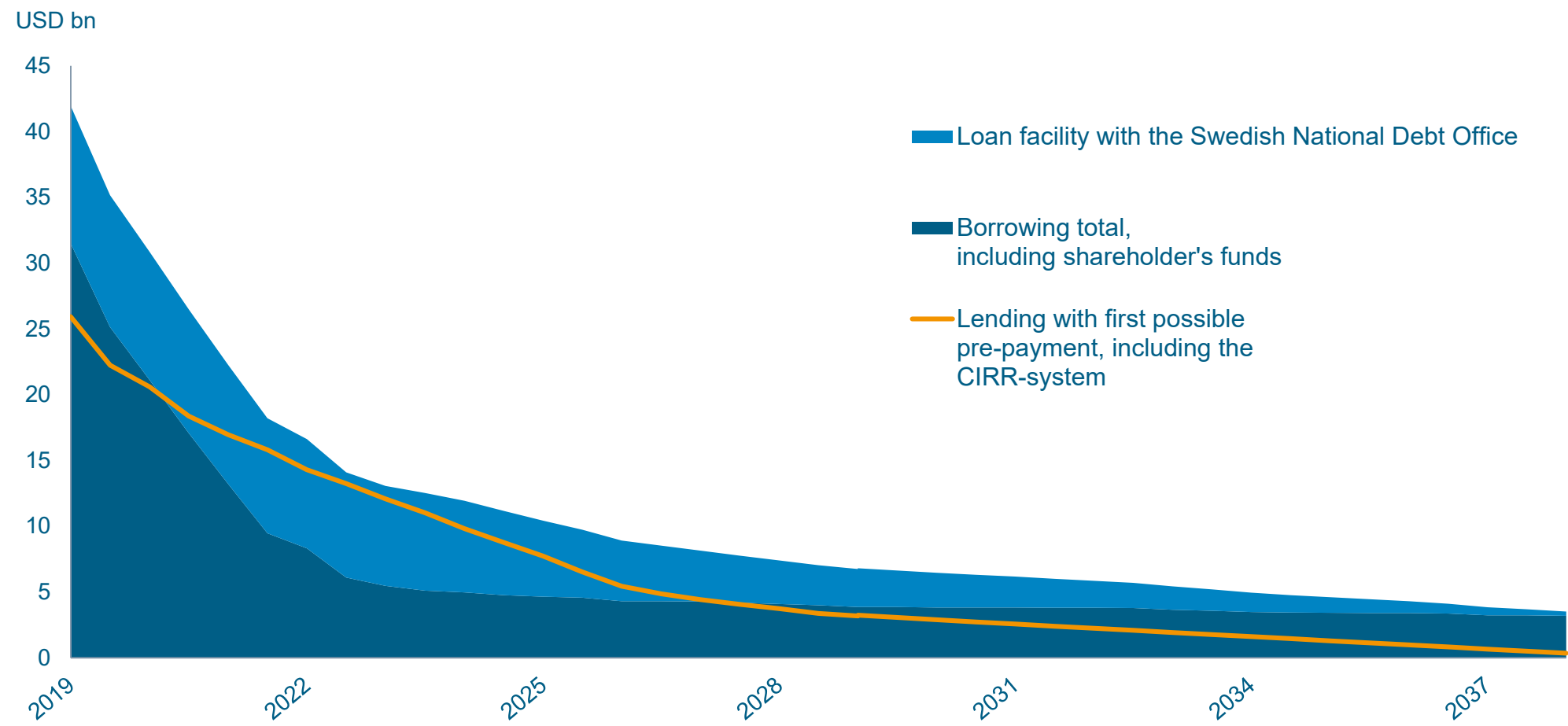
*"SEK's senior debt instruments continue to benefit from high government support given its strong linkages with the sovereign due to both its government ownership, as well as the special mandate the bank has to promote Swedish exports and manage the CIRR system."*

*"Solid capital and stronger-than-peers leverage"*

*"This [leverage ratio] places SEK in a stronger position compared to Nordic public sector peers..."*

January 21, 2019

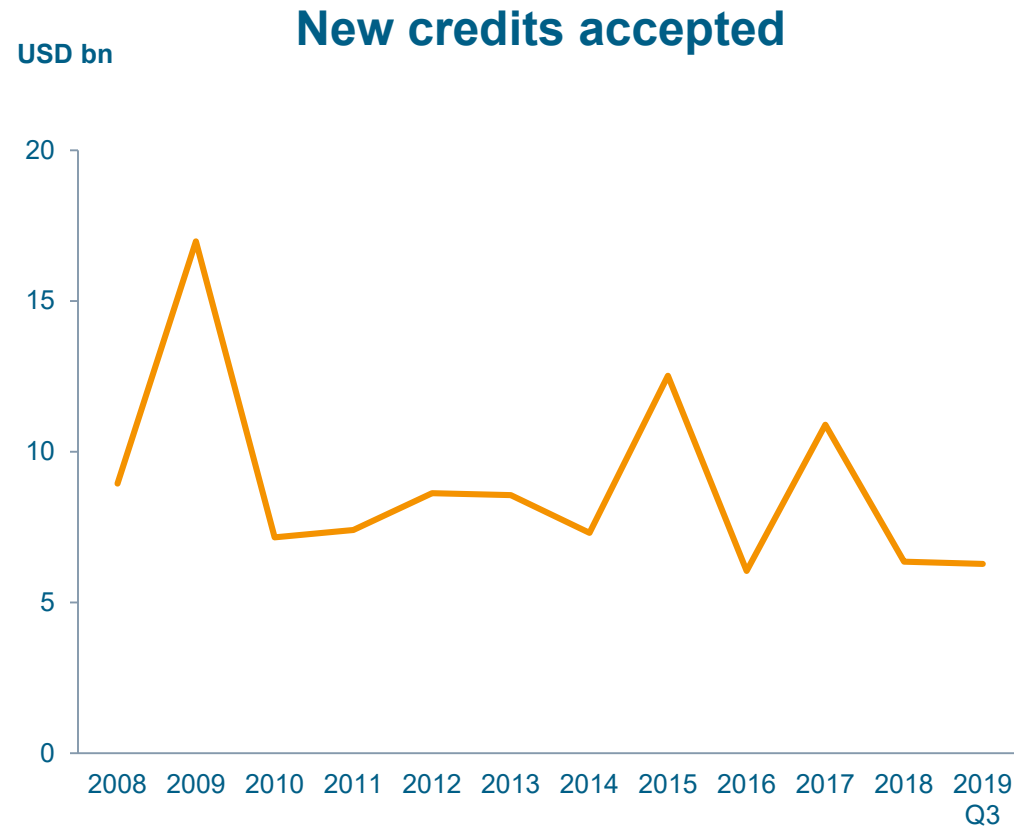
# Funding and liquidity: No refinancing risk





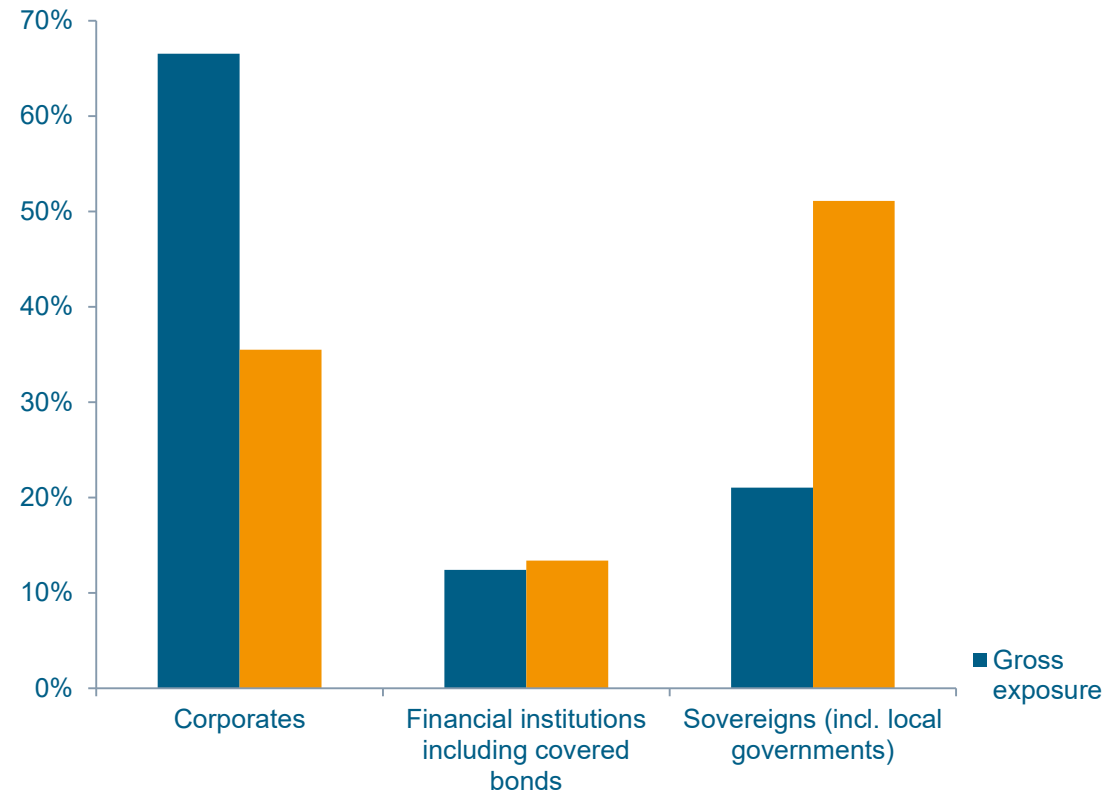
# Credit Portfolio

- Demand for financing from the Swedish export industry increased dramatically during the financial crisis
- The Swedish government heavily increased SEK's lending capacity during the financial crisis
- SEK secured access to financing for the Swedish exporters



# Counterparty exposures & risk mitigation

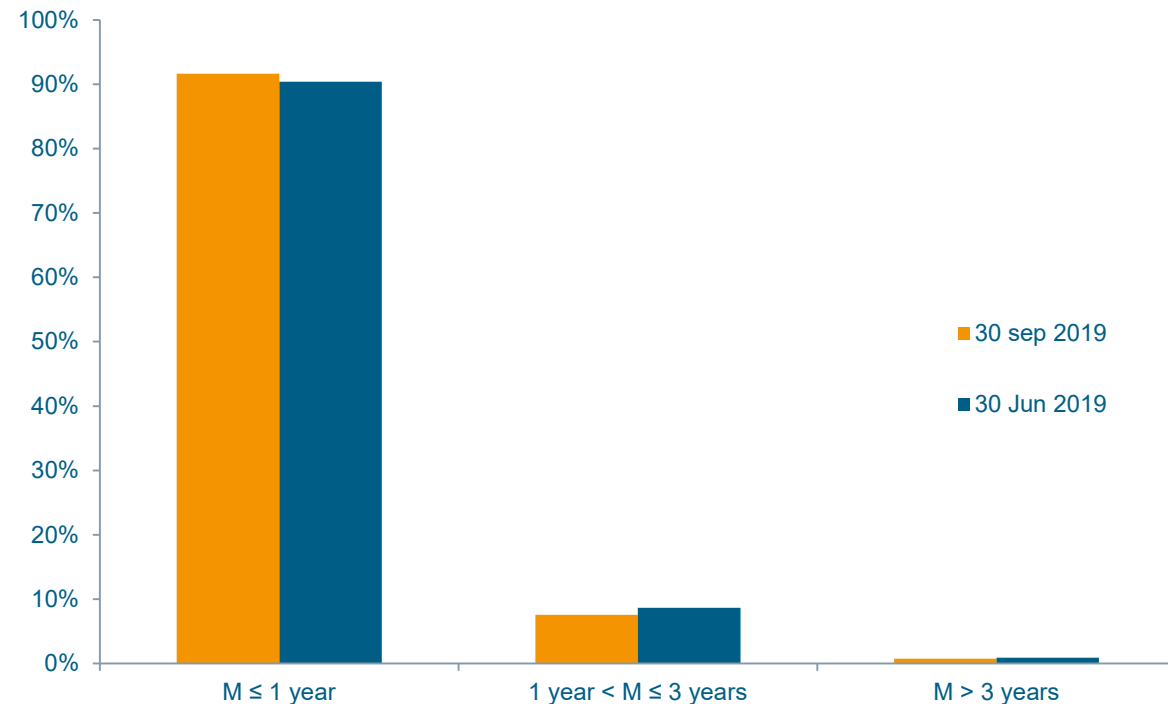
- Export credit agency guarantees
- Bank guarantees
- Credit derivatives
- Collateral agreements
- Insurance company guarantees



# Liquidity Portfolio

## Investment profile

- Average duration of new investments: **7 months**
- Maximum maturity: **Generally 24 months, with some exceptions**
- Minimum rating: **Generally A-, with some exceptions**



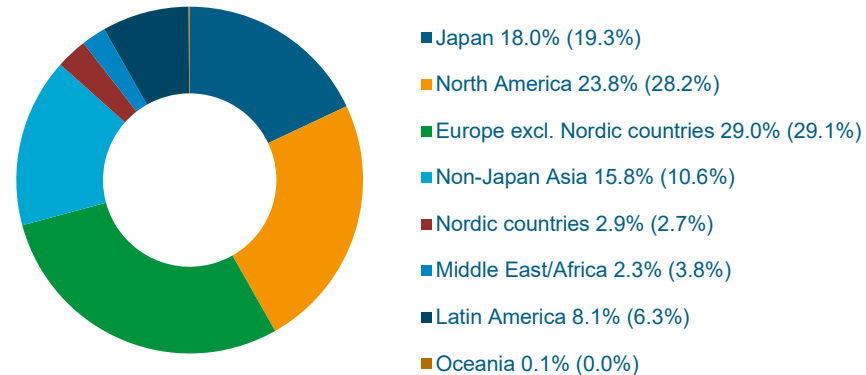
# Funding: Flexible and diversified

- Multiple funding programmes in all major currencies
- Funding in local currencies
- Responsive to investor needs
- An experienced benchmark issuer

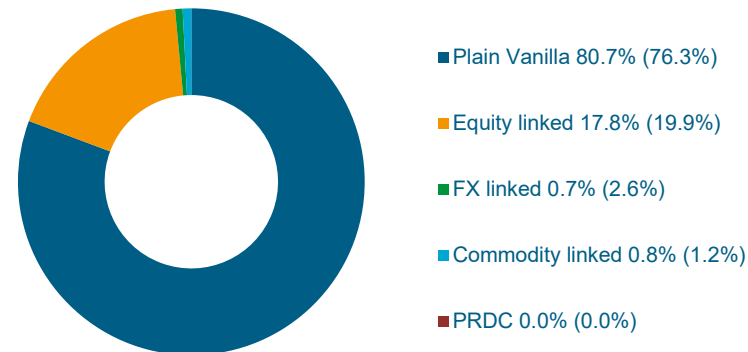
## Risk Management policy

- No currency risk
- Very limited interest rate risk
- All structured notes are hedged

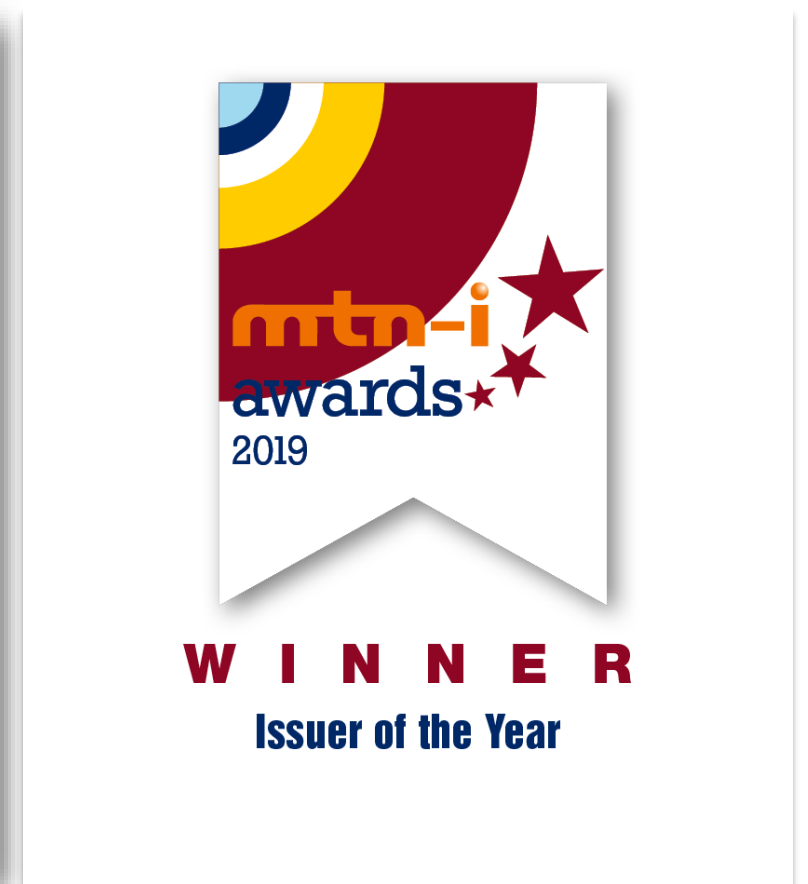
New funding by region, as of September 30, 2019 (2018, whole year)



New funding by structure, as of September 30, 2019 (2018, whole year)



# Awards



# About SEK

<b>Owner:</b>	Swedish government, 100%
<b>SEK's mission:</b>	To ensure access to sustainable financial solutions for the Swedish export industry on commercial terms
<b>Primary task:</b>	Financing of export credits
<b>Credit rating:</b>	S&P: <b>AA+</b> /Stable/ <b>A-1+</b> Moody's: <b>Aa1</b> /Stable/ <b>P-1</b>
<b>Established:</b>	1962

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## Financial information as of September 30, 2019

Total assets	USD 34.5 bn
Lending	USD 23.2 bn
Common Equity Tier 1 capital ratio	18.9%
After-tax return on equity	5.3%

# SEK's sustainability framework



- Owner instruction
- Sustainability reporting
- Sustainability targets and strategies



- OECD Common Approaches
- OECD Convention on Combating Bribery



- Equator Principles



- IFC Performance Standards



- UN Global Compact
- UN Guidelines on Business and Human Rights

# SEK Green Bond Framework

- Green Bond Principles compliant
- Second opinion by CICERO
- Eligible Projects
- CO<sub>2</sub> reduction measured on an aggregated level
- Audited Allocation of Proceeds
- Homepage and Annual newsletter





# SEK Green Bond Framework

## Second opinion

“SEK bases its management of green projects on broad and well established guidelines like IFC’s Performance Standards on Environmental and Social Sustainability, IFC’s Environmental, Health and Safety General Guidelines and OECD’s “Common Approach” to environmental and social risks of projects. Furthermore, SEK employs the “International Financial Institution Framework for Harmonised Approach to Greenhouse Gas Accounting” for their CO2 impact assessment. Finally, SEK will establish a dedicated website which will allow for transparent reporting on all important aspects of the green bond program.

Overall, we therefore find that SEK’s green bond framework has a very high probability of securing projects that support a low carbon and climate friendly future.”



# SEK Green Bond Framework

## Use of Proceeds and Process for Project Evaluation and Selection

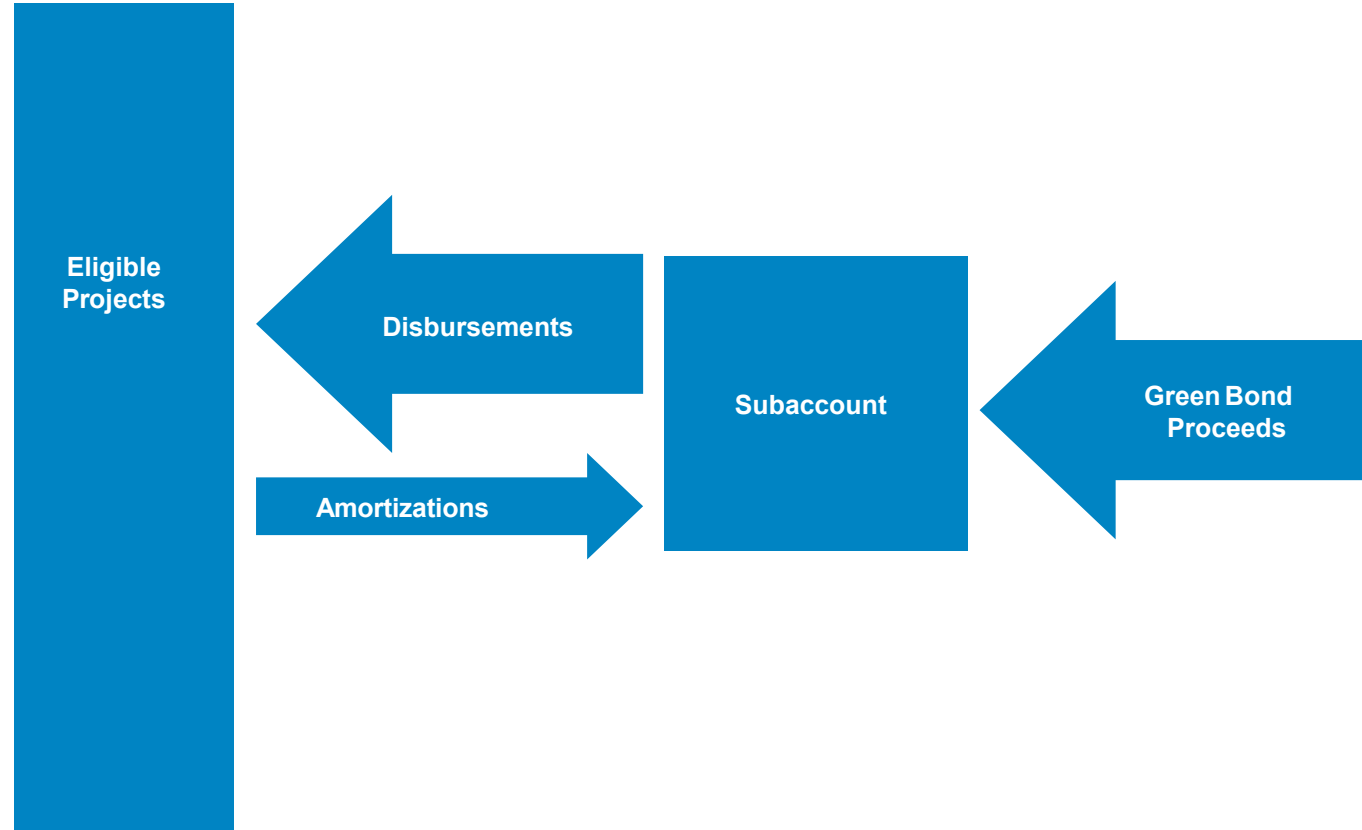
- No fossil fuel projects are eligible.
- The Eligible Projects are selected through the best of SEK's capabilities, and are selected in two phases:
  1. SEK Client Relationship Management team identifies and proposes a possible Eligible Project.
  2. SEK Sustainability Analyst assesses as to whether a project qualifies as an Eligible Project. Final decision will be made by SEK Head of Sustainability.

Category	Eligible Project examples	Considerations / limitations
Renewable energy	<ul style="list-style-type: none"> <li>- Bioenergy</li> <li>- District heating and cooling</li> <li>- Hydro and Marine Power</li> <li>- Solar</li> <li>- Wind</li> </ul>	Consideration will be given to potential social and environmental impact of large hydro projects.
Water and Wastewater	<ul style="list-style-type: none"> <li>- Marine technologies</li> <li>- Wastewater Treatment</li> <li>- Water Quality</li> </ul>	
Energy efficiency	<ul style="list-style-type: none"> <li>- Energy storage</li> <li>- Smart grids</li> <li>- Transmission systems</li> <li>- Heating and Cooling</li> <li>- Lighting</li> <li>- Ventilation</li> </ul>	<ul style="list-style-type: none"> <li>- Considerations will be given to potential rebound effects.</li> <li>- No nuclear power projects are eligible.</li> </ul>
Recycling & Waste	<ul style="list-style-type: none"> <li>- Recycling</li> <li>- Waste Management</li> </ul>	
Sustainable Construction	<ul style="list-style-type: none"> <li>- Green buildings</li> <li>- Green Infrastructure</li> </ul>	Considerations will be given to site selection and land use issues and to building standards like LEED (2009) and BREEAM (2013).
Resources & Environment	<ul style="list-style-type: none"> <li>- Forestry</li> <li>- Air Quality</li> <li>- Soil Quality</li> </ul>	Considerations will be given to FSC standards.
Sustainable Materials	<ul style="list-style-type: none"> <li>- Advanced Materials</li> <li>- Green Chemistry</li> </ul>	Subject to SEK assessment.
Sustainable Transport	<ul style="list-style-type: none"> <li>- Fuels and Vehicles</li> <li>- Transport Management</li> </ul>	<p>Potential for emission reduction will be assessed on degree of urbanization, fuel type, and competition with private transportation.</p> <p>Considerations will be given to rebound effects and lock-ins due to infrastructure investments.</p>

# SEK Green Bond Framework

## Management of Proceeds

- Subaccount to absorb the Green Bond Proceeds. Balance will be adjusted on a semi-annual basis.
- An amount equal to the subaccount balance will be held in cash, Green Bonds or municipality and/or government risk with a minimum credit rating of AA-.
- The subaccount balance will be reviewed by external auditors on a semi-annual basis.



# SEK Green Bond Framework

## Reporting

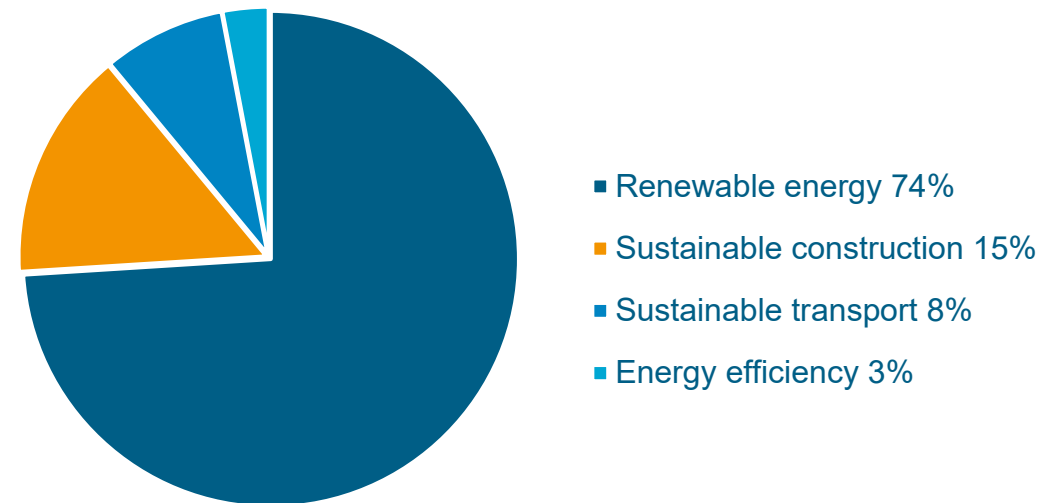
- CO<sub>2</sub> emission reductions will be measured on a project basis in proportion to the part financed by SEK.
- The methodology to measure these reductions follows the methodology set out in “International Financial Institution Framework for Harmonised Approach to Greenhouse Gas Accounting” November 2012.
- SEK Sustainability department will estimate the reasonableness of reported reductions.
- Reporting based on “Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting”, published in October 2017.
- Impact reporting on Eligible Projects and links to relevant documents will be disclosed at <http://www.sek.se/en/investor-relations/green-bonds>
- Newsletter is published annually to inform of Eligible Projects, CO<sub>2</sub> emission reductions and a summary of SEK Green Bond development.

# SEK Green Lending

## Eligible Projects

- Facility amount approximately USD 1.1 billion as of 2018-12-31.
- Total annual CO<sub>2</sub> reduction on facility amount > 4,630,000 tons.

## Eligible Projects, per category as of 2018-12-31



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