

SWEDBANK GREEN BOND

DNV GL ELIGIBILITY ASSESSMENT

Scope and Objectives

Swedbank AB (henceforth referred to as "Swedbank") provides various banking products and services to private, corporate, and organizational customers in Sweden, Estonia, Latvia and Lithuania. Swedbank, with 225 branches in Sweden and 135 branches in the Baltic countries, has over 7 million retail customers and around 650 000 corporate customers and organisations. The company offers typical retail bank products such as loan and savings products, payments, cards and insurance products. In addition Swedbank also offers cash management, trade finance, financing, corporate finance, securities, asset management, and life insurance and pension services; transaction banking services, such as commercial payments, account services, and clearing and settlement services; and capital markets services, including fixed income and currency trading, equity trading, structured products, project and corporate financing, and syndication services. It also trades in derivatives; and provides private banking products and services, such as salary accounts, credit and debit cards, mortgage finance, and investment advice. Swedbank operates in Sweden, Estonia, Latvia and Lithuania. The group is also present in other Nordic countries, the US and China. Swedbank was founded in 1820 and is headquartered in Sundbyberg, Sweden.

Swedbank is intending to issue a benchmark sized EURO bond of at least EURO 500 million (henceforth referred to as "the Bond") and may issue further green bonds utilising the Swedbank Green Bond Framework.

DNV GL Business Assurance Norway AS (henceforth referred to as "DNV GL") has been commissioned by Swedbank to provide a Green Bond eligibility assessment on the Bond. Our methodology to achieve this is described under 'Work Undertaken' below. DNV GL were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of the Bond, the value of any investments in the Bond, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the Bond has met the criteria established on the basis set out below.

Responsibilities of the Management of Swedbank and DNV GL

The management of Swedbank has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform Swedbank's management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work, DNV GL have relied on the information and the facts presented to us by Swedbank. DNV GL is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by Swedbank management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL's opinion

DNV GL have adapted our green bond eligibility assessment methodology to create Swedbank specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol") - see Schedule 2. DNV GL's Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion. The overarching principle behind the criteria is that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

As per DNV GL's Protocol, the criteria against which the Bond has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

DNV GL's work constituted a high-level review of the available information, based on the understanding that this information was provided to DNV GL by Swedbank in good faith. DNV GL have not performed an audit or other tests to check the veracity of the information provided to DNV GL. The work undertaken to form DNV GL's opinion included:

- Creation of an Swedbank specific protocol, adapted to the purpose of the Bond, as described above and in Schedule 2 to this Assessment;
- Assessment of documentary evidence provided by Swedbank on the Bond and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with Swedbank management, and review of relevant documentation and evidence related to the criteria of the Protocol;
- Documentation of findings against each element of the criteria. DNV GL's opinion as detailed below is a summary of these findings.

Findings and DNV GL's opinion

DNV GL's findings are listed below:

1. Principle One: Use of Proceeds.

Swedbank intends to use the proceeds from the issuance of the Bonds to finance or refinance Eligible Green Assets. The Swedbank Green Bond Framework defines Eligible Green Assets as projects that fall into the following categories:

- Renewable Energy (*Sustainable Development Goal 7 & 13*)
 - Wind energy
 - Solar energy
 - Small scale hydro energy (hydropower plant of maximum 10 megawatts (MW) of generating capacity) or investments in existing larger hydro power plants (above 10 MW of generating capacity) for refurbishments without increasing the size of its impoundment facility
- Energy Efficiency (*Sustainable Development Goal 7, 11 & 13*)
 - Green buildings, either residential or commercial real estate
 - Other energy efficiency projects, including infrastructure, technology, processes such as energy storage, smart grid solutions and district heating/cooling from renewable energy sources leading to reduced energy losses of at least 25%.
- Sustainable Management of Living Natural Resources (*Sustainable Development Goal 15*)
- Pollution Prevention and Control (*Sustainable Development Goal 6 & 11*)
- Clean Transportation (*Sustainable Development Goal 9, 11 & 13*)

For the inaugural Bond issuance, the Use of Proceeds will be aimed towards the Renewable Energy & Green Buildings categories and future issuances may be directed to the categories as presented in Schedule 1.

DNV GL concludes that the above categories fall within the defined categories of the Green Bond Principles 2017. DNV GL also reviewed the Eligible Green Assets proposed for this bond and conclude they meet the definition within Swedbank's Green Bond Framework.

2. Principle Two: Process for Project Evaluation and Selection.

DNV GL can confirm the project evaluation and selection will be carried out by the Green Bond Committee, chaired by the Head of Group Sustainability and consists of representatives from relevant functions such as Group Risk, Group Treasury, Large Corporates and Institutions and Swedish Banking (Retail). The Green Bond Committee has ultimate responsibility for reviewing all of Swedbank's existing loans & investments and determining their suitability to be an Eligible Green Asset. Applications are screened using a Green Bond Sustainability Analysis of the asset to determine if it is compliant with the criteria defined in the Swedbank Green Bond Framework in section 2, including quantified environmental benefits.

DNV GL has reviewed the evidence and can confirm that the Eligible Green Assets and the governance framework for project selection meets the eligibility criteria defined by Swedbank in the Bond documentation, including the Swedbank Green Bond Framework. Swedbank has defined the criteria and process by which Eligible Green Assets are selected and described the key metrics used as well as defining the team responsible for selecting projects.

3. Principle Three: Management of Proceeds.

DNV GL has reviewed evidence showing how Swedbank plans to trace the proceeds from the bond, from the time of issuance to the time of disbursement. The Swedbank Green Bond Framework includes a description of the functions and teams responsible for the tracking. The Green Asset Register will contain information on the assets financed with the proceeds including a unique identifier. DNV GL can confirm the proceeds from the bond issuance will be directly allocated to the refinancing of the Eligible Green Assets at settlement. In the event this is not possible, Swedbank has confirmed it will temporarily hold and/or invest, at its own discretion, in its liquidity portfolio, the balance of net proceeds not yet allocated to eligible projects. Swedbank will also prioritise utilising Green Bond Principles compliant green bonds subject to market availability. DNV GL can also confirm Swedbank has committed to maintaining a healthy buffer of Eligible Green Assets available for investment.

4. Principle Four: Reporting.

DNV GL can confirm Swedbank will report on the use of proceeds annually describing the allocation of proceeds and the share used for financing/re-financing. Swedbank will report on environmental impacts of the financed Eligible Green Assets annually until full allocation and as necessary thereafter in the event of material developments. The information reported on will include quantified impacts as described in the Swedbank Green Bond Framework section 5.2 and aligned with the relevant Sustainable Development Goal.

On the basis of the information provided by Swedbank and the work undertaken, it is DNV GL's opinion that the Bond meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles".

for DNV GL Business Assurance Norway AS

Oslo, 18th October, 2017



Douglas Farquhar

Principal Consultant and Project Director
DNV GL – Business Assurance

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

1 SCHEDULE 1: DESCRIPTION OF CATEGORIES TO BE FINANCED THROUGH BOND

Eligible Green Categories	Use of Proceeds
Renewable Energy	<p>Renewable energy projects, defined as renewable energy from the following sources:</p> <ul style="list-style-type: none"> ▪ Wind energy. ▪ Solar energy. ▪ Small scale hydro energy (hydropower plant of maximum 10 megawatts (MW) of generating capacity) or investments in existing larger hydro power plants (above 10 MW of generating capacity) for refurbishments without increasing the size of its impoundment facility.
Energy Efficiency	<p>Green buildings, either residential or commercial real estate, including at least one of the following three criteria:</p> <ul style="list-style-type: none"> ▪ Buildings with an energy performance classification in the energy declaration issued by the Swedish National Board of Housing, Building and Planning (Sw. Boverket) of at least level B . ▪ Buildings which meet the following recognised environmental standards; <ul style="list-style-type: none"> ○ BREEAM or BREEAM-SE (minimum certification "very good") ○ LEED (minimum certification "gold") ○ Sweden Green Building Council Miljöbyggnad (minimum certification "silver") Green Building ○ Or any equivalent certification as determined by Group Sustainability at Swedbank. ▪ Property upgrade of existing commercial or residential buildings which results in an energy consumption of at least 25% below the average national energy consumption of

	<p>an equivalent building.</p> <p>Other energy efficiency projects, including infrastructure, technology, processes such as energy storage, smart grid solutions and district heating/cooling from renewable energy sources leading to reduced energy losses of at least 25%.</p>
Sustainable Management of Living Natural Resources	<p>Sustainable management of living natural resources defined as sustainable forestry and agriculture which meet recognised environmental standards such as;</p> <ul style="list-style-type: none"> ▪ Sustainable forestry defined as forestry certified by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). ▪ Sustainable agriculture defined as certified organic farming in compliance with national and EU-legislation.
Pollution Prevention and Control	<p>Pollution prevention and control, defined as waste management including;</p> <ul style="list-style-type: none"> ▪ Waste management such as recycling and waste to energy generation defined as biogas production of organic waste, non-recyclable municipal waste for incineration or forest biomass from areas that have, or meet the requirements for, FSC or PEFC certification.
Clean Transportation	<p>Clean transportation defined as public passenger transport and low carbon vehicle solutions, systems and charging/supporting infrastructure reducing air pollution and climate impact including:</p> <ul style="list-style-type: none"> ▪ Public passenger transport such as electric rail, metros, trams and electric or hybrid buses. ▪ Low carbon vehicles defined as electric, fuel cell and hybrid vehicles.

SCHEDULE 2: SWEDBANK - SPECIFIC GREEN BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond 	<p>In addition to reviewing the evidence below, we had several detailed discussions with Swedbank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Swedbank Green Bond Term Sheet, Oct 2017 • Swedbank Green Bond Framework, Oct 2017 • Swedbank AB AGMTN 2017 Base Prospectus 	<p>The Swedbank Green Bond falls within the category of a Green Use of Proceeds Bond.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with Swedbank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Swedbank Green Bond Term Sheet, Oct 2017 • Swedbank Green Bond Framework, Oct 2017 • Swedbank AB AGMTN 2017 Base Prospectus 	<p>We conclude that the legal documentation confirms the utilization of proceeds is appropriately described.</p>
1c	Environmental benefits	<p>All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with Swedbank Management on the Criteria required.</p> <p>Evidence reviewed:</p>	<p>The evidence reviewed gives us the opinion that the designated Green Project categories do provide clear environmentally sustainable benefits.</p> <p>In addition, eligibility criteria demonstrate that the Green Project categories provide clear</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
			<ul style="list-style-type: none"> Swedbank Green Bond Term Sheet, Oct 2017 Swedbank Green Bond Framework, Oct 2017 Green Asset Application Green Bond Sustainability Analysis 	environmental benefits and the thresholds of selection are within reasonable limits.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2a	Issuer's environmental and social and governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Swedbank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Swedbank Green Bond Term Sheet, Oct 2017 Swedbank Green Bond Framework, Oct 2017 The Swedbank Statements and Exclusion List The Swedbank Sector Guidelines Swedbank Group Sustainability Policy Swedbank GRI Report 2016 Swedbank Climate Review 2016 	We conclude that, from the information provided, Swedbank's approach to managing environmental sustainability is in line with the objective of the Green Bond and Swedbank's material issues reflect this.

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3a	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer’s lending and investment operations for Green Projects.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Swedbank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Swedbank Green Bond Term Sheet, Oct 2017 • Swedbank Green Bond Framework, Oct 2017 • Green Asset Register 	We found that the Swedbank Green Bond will be tracked in an appropriate manner and attested to by a formal internal process.
3b	Tracking procedure	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Swedbank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Swedbank Green Bond Term Sheet, Oct 2017 • Swedbank Green Bond Framework, Oct 2017 • Green Asset Register 	We conclude that there is a clear process in place for the tracking of the balance taking into account disbursements.

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Swedbank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Swedbank Green Bond Term Sheet, Oct 2017 Swedbank Green Bond Framework, Oct 2017 	We conclude that Swedbank has in place a segregated investment portfolio to use as temporary investments, with a priority given to Green Bond Principles compliant green bonds.
3d	Over-collateralisation	The issuer shall demonstrate that the value of the bond is smaller than or equal to the financing needs of the eligible nominated projects.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Swedbank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> Swedbank Green Bond Term Sheet, Oct 2017 Swedbank Green Bond Framework, Oct 2017 	We conclude the Swedbank Green Bond has sufficient collateralisation.

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Swedbank Management on the Criteria required.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> • Swedbank Green Bond Term Sheet, Oct 2017 • Swedbank Green Bond Framework, Oct 2017 • Swedbank Climate Review 2016 	<p>We can confirm Swedbank commits to annual reporting on use of proceeds via the Swedbank website and environmental impact via Green Bond Impact Report until full allocation.</p> <p>Section 5.2 of the Swedbank Green Bond Framework, Oct 2017 sets out what will be reported and where including;</p> <ul style="list-style-type: none"> - total amount of Green Bonds issued - allocation of proceeds within each Green Bond's Asset Category - total amount of unused proceeds - share of proceeds used for financing/re-financing - quantified environmental impacts by category and Sustainable Development Goal.