

# Transaction overview July-December 2023

## Renewable Energy, Clean Tech and Sustainable Finance

**DNB aims to be a driving force for sustainable transition** across the industry sectors and regions where we operate. We wish to support our clients on their sustainability journeys, using our financial products and advisory services. As part of this ambition, we offer sustainable bonds and loans, and equity and M&A related advisory services, to support the transition towards a sustainable, low-carbon and climate resilient future.

**In this newsletter**, we highlight a selection of DNB's transactions within renewable energy and clean tech, as well as sustainable finance-related bond and loan transactions.

**Net-Zero  
2050**

**NOK  
1,500  
billion**

**#1**

DNB's aim is to achieve net-zero emissions across our lending, investments and operations by 2050

DNB aims to be a driving force for sustainable transition by financing and facilitating sustainable activities of NOK 1,500 billion by 2030

DNB is the market leader in the Norwegian sustainable bond market with a 18% market share



**DNB**

# A few words from DNB

In 2023, the economic landscape underwent a significant transformation as interest rates steadily increased, a trend that left its mark on various sectors. The upswing in interest rates had a material impact on not only the renewable energy sector but also on other capital-intensive industries. As financing costs rose, renewable energy projects faced increasing scrutiny and a re-assessment of their economic viability. Consequently, the valuation of renewable energy assets experienced a decline, presenting challenges for both project developers and potential investors.

The sector, known for its sensitivity to financing conditions, saw a slowdown in merger and acquisition (M&A) activity. With valuations facing pressure, potential buyers adopting a more cautious approach in evaluating return on investment. Simultaneously, project developers grappled with aligning their expectations with market realities, creating a divergence between buyers and sellers in the perceived value of renewable energy assets.

The widely communicated end of the interest rate hike cycle by central banks provided some relief to the market in the last months of the year, offering a brighter backdrop to expected market conditions in 2024.

DNB Markets' activity in the sector was not immune to the prevailing market conditions in 2023, resulting in a contraction in executed M&A volumes compared to the robust performance witnessed in 2021 and 2022. Despite these challenges, our global teams in New York, London, Oslo, Stockholm and Singapore, have diligently focused on replenishing the pipeline for 2024. With the conclusion of the interest rate hiking cycle, we maintain a highly optimistic outlook, anticipating a significant improvement in market conditions and a resurgence in renewable and infrastructure M&A deal flow for 2024.

Global green bond issuance reached an all-time high in 2023, whereas the broader sustainable bond market grew marginally compared to 2022. The Nordic market continued on a strong note with another record year, with sustainable bond issuance increasing by 18% according to data from BNEF. Roughly every fifth krona raised by Nordic bond issuers last year carried a sustainable label. For corporate issuers, the share was closer to 40%.

On the other side, we continue to see falling issuance of both sustainability-linked bonds and loans, which we at least partly attribute to credibility concerns surrounding target setting. We see great potential in the sustainability-linked format, and as many companies move forward with their sustainability strategies and as data quality on relevant KPIs continue to improve, we expect higher uptake in the years to come.

After years in the making, the EU finally agreed on a voluntary EU Green Bond Standard, with application by December 2024. We expect the ICMA Green Bond Principles to continue to dominate the market for years to come, but we can also expect a number of 'firsts' to hit the green bond market as issuers with relevant volumes of Taxonomy-aligned assets and capex start applying the new standard.

From our many client dialogues and transactions during the year, we sense that we are currently in a strategic shift. Whereas the past few years have focused on long-term net-zero targets, investors and banks are now increasingly expecting more detail and nuance. Two topics that we believe will take center stage during 2024 are 'transition plans' and 'materiality'. To secure credibility, we believe issuers will need to further define the sustainability aspects that are most material to them, and their long-term ambitions will need to be backed up by concrete actions and transition plans.

In 2023, we saw a significant increase in action and awareness in sustainable finance and climate change among financial institutions. This change was driven in part by the important agreement at COP 28 to move away from fossil fuels and the financial needs that entails. We are now in a new and urgent phase of climate finance, where our clients are increasingly seeking our advice on how to plan and execute their transitions to more sustainable practices.

For DNB, 2023 was a key year to strengthen our commitment towards the green transition. We introduced our first Transition Plan, which sets out our goals for reducing carbon emissions and outlines how our financing and investment activities will align with the goal of zero net emissions by 2050. We also updated our Sustainable Finance Framework, which expands the range of activities we support and provides clear criteria for what qualifies as green or sustainability-linked financing, both for general and specific purposes.

Relatedly, 2023 was a record year for sustainable finance in DNB. We financed NOK 171bn in sustainable activities in 2023, with a large share going to renewable energy and upgrading of real estate. Cumulatively, we have financed NOK 562 bn in sustainable activities since 2020, putting us on track to reach our target of NOK 1500bn by 2030.

Looking ahead to 2024, the move towards cleaner energy and reducing carbon emissions will be a bigger part of dialogue with our customers. We plan to continue adapting our skills, sustainable finance products and services to meet our clients' needs for this transition.



**Salvatore Santoro**  
Global Head of Renewables,  
Infrastructure & ESG Coverage  
DNB Markets























**Nina Ahlstrand**  
Global Head of Sustainable Finance  
DNB Markets



**Lucilla Maria Bruni**  
Head of Strategy & Sustainability  
DNB Corporate Banking

# Green, Social, Sustainability & Sustainability-Linked Bond transactions

 <p><b>Odal Sparebank</b></p> <p><b>Green Bond</b></p> <p>NOK 100m</p>	 <p><b>IDB</b></p> <p><b>Sustainability Bond</b></p> <p>NOK 1,000m</p>	 <p><b>HEMSÖ</b></p> <p><b>Green Bonds</b></p> <p>SEK 550m SEK 150m</p>	 <p><b>Nordea</b></p> <p><b>Green Bond</b></p> <p>NOK 7,000m</p>	 <p><b>VEF</b></p> <p><b>Sustainability Bond</b></p> <p>SEK 500m</p>	 <p><b>SpareBank 1</b> NORDMØRE</p> <p><b>Green Bond</b></p> <p>NOK 400m</p>
 <p><b>Göteborgs Stad</b></p> <p><b>Green Bond</b></p> <p>SEK 1,800m</p>	 <p><b>Verd</b> Boligkreditt</p> <p><b>Green Bond</b></p> <p>NOK 3,000m</p>	 <p><b>Hafslund</b></p> <p><b>Green Bond</b></p> <p>NOK 500m</p>	 <p><b>Sparebanken Vest</b></p> <p><b>Green Bonds</b></p> <p>SEK 1,550m SEK 1,450m</p>	 <p><b>småkraft</b></p> <p><b>Green Bond</b></p> <p>EUR 50m</p>	 <p><b>Flekkefjord Sparebank</b></p> <p><b>Green Bond</b></p> <p>NOK 300m</p>
 <p><b>SPAREBANKEN ØST</b></p> <p><b>Green Bond</b></p> <p>NOK 500m</p>	 <p><b>Elkem</b></p> <p><b>Green Bond</b></p> <p>NOK 1,000m</p>	 <p><b>Wallenius Wilhelmsen</b></p> <p><b>Sustainability-Linked Bond</b></p> <p>NOK 1,000m</p>	 <p><b>SpareBank 1</b> SØRØST-NORGE</p> <p><b>Green Bond</b></p> <p>NOK 500m</p>	 <p><b>THE WORLD BANK</b></p> <p><b>Sustainability Bond</b></p> <p>NOK 1,000m</p>	 <p><b>BN Bank</b></p> <p><b>Green Bonds</b></p> <p>NOK 100m NOK 75m</p>
 <p><b>SKB</b></p> <p><b>Green Bond</b></p> <p>SEK 500m</p>	 <p><b>NorgesGrupper</b></p> <p><b>Green Bond</b></p> <p>NOK 400m</p>	 <p><b>DNB</b></p> <p><b>Green Bonds</b></p> <p>EUR 750m EUR 1,000m</p>	 <p><b>Å ENERGI</b></p> <p><b>Green Bond</b></p> <p>NOK 1,000m</p>	 <p><b>Bonheur ASA</b></p> <p><b>Green Bond</b></p> <p>NOK 600m</p>	 <p><b>MuniFin</b></p> <p><b>Green Bond</b></p> <p>USD 100m</p>

A word from our client

**Verd**  
Boligkreditt

Verd Boligkreditt is a Norwegian financial institution which issues bonds backed by house mortgages transferred from selected Norwegian savings banks. By enabling the banks to provide financial services to the local communities, the platform stimulates the green transition. DNB Markets assisted Verd Boligkreditt with establishing their inaugural Green Bond Framework published in September 2023, to which S&P Global Ratings provided the Second-Party Opinion.

In October 2023, DNB Markets acted as Joint Lead Manager in the issue of Verd Boligkreditt's NOK 3,000m Norwegian Premium Covered Bond, where the "Use of Proceeds" was earmarked to the financing of house mortgage loans related to certain buildings satisfying criteria specified in the Green Bond Framework. The funding promotes the transition towards low-carbon and climate-resilient development and contributes to strong and sustainable communities and greener residential buildings.

*"At Verd Boligkreditt we acknowledge the societal environmental challenges and wish to contribute to the green transition needed to take place to reach the Paris Agreement objective. As a financial institution our contribution in the green transition will be related to offering attractive terms for house mortgage loans, and the issue of Green Covered Bonds gives access to attractive funding which is benefitting the banks we are affiliated with. With the excellent support from DNB Markets we successfully issued our inaugural Green Covered Bond."*

**Sigve Husebø, CEO of Verd Boligkreditt**



# Green & Sustainability-Linked Loan transactions

A word from our client

## CADELER

Cadeler is a global leader within offshore wind farm construction and maintenance services, facilitating the transition towards a future built on renewable energy. In 2023, Cadeler A/S and Eneti Inc. joined forces under the Cadeler name with headquarters in Denmark, creating the industry's largest fleet of jack-up offshore and wind installation vessels.

In 2023, Cadeler also signed a EUR 550m Senior Secured Green Loan to refinance existing vessels, finance crane upgrades and general corporate purposes, as well as a EUR 425m Senior Secured Green Term Loan to finance two newbuilds, Wind Peak and Wind Pace, to be delivered in 2024 and 2025.

DNB acted as Underwriter, Bookrunner, Coordinator, Facility Agent, Green Advisor and ECA Agent for the lending facilities, as well as Financial Advisor for the business combination with Eneti.

*"The strong support from Nordic and Global banks to successfully close this secured green loan facility underlines the trust in Cadeler's vision and capability to facilitate the renewable transition. With Cadeler's strategic position in the market, we are well placed to meet the increasing global demands and to execute the largest and most complex offshore wind installation projects.*

**Mikkel Gleerup, CEO of Cadeler**



## Debt & equity advisory transactions



## General loan financing for renewable energy & cleantech



A word from our client



Water is becoming an increasingly scarce resource across the globe, and climate change is causing additional stress in existing water systems. Aguas Pacifico Holding SpA, a portfolio company of Patria Investments, is currently constructing a desalination plant and aqueduct to relieve the water scarcity situation in Chile. The plant, powered by renewable energy, will take advantage of the country's abundance of seawater and provide desalinated water to both industries and communities in the Valparaíso V Region.

In 2023, the project secured a syndicated green financing package comprising a USD 840m term loan and a USD 43m credit facility, where DNB Markets Inc. acted as Financial Advisor and Green Finance Coordinator.

*"This milestone transaction is another step towards Aguas Pacifico's goal of providing a solution to the water supply challenge in the region and also evidence of our commitment to invest in this important project. We are proud to have secured this project financing structure in partnership with world-class financial institutions"*

**José Mestres, partner at Patria Investments Infrastructure Group.**



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