

Nordea

Green bond investor presentation



Disclaimer

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Nordea

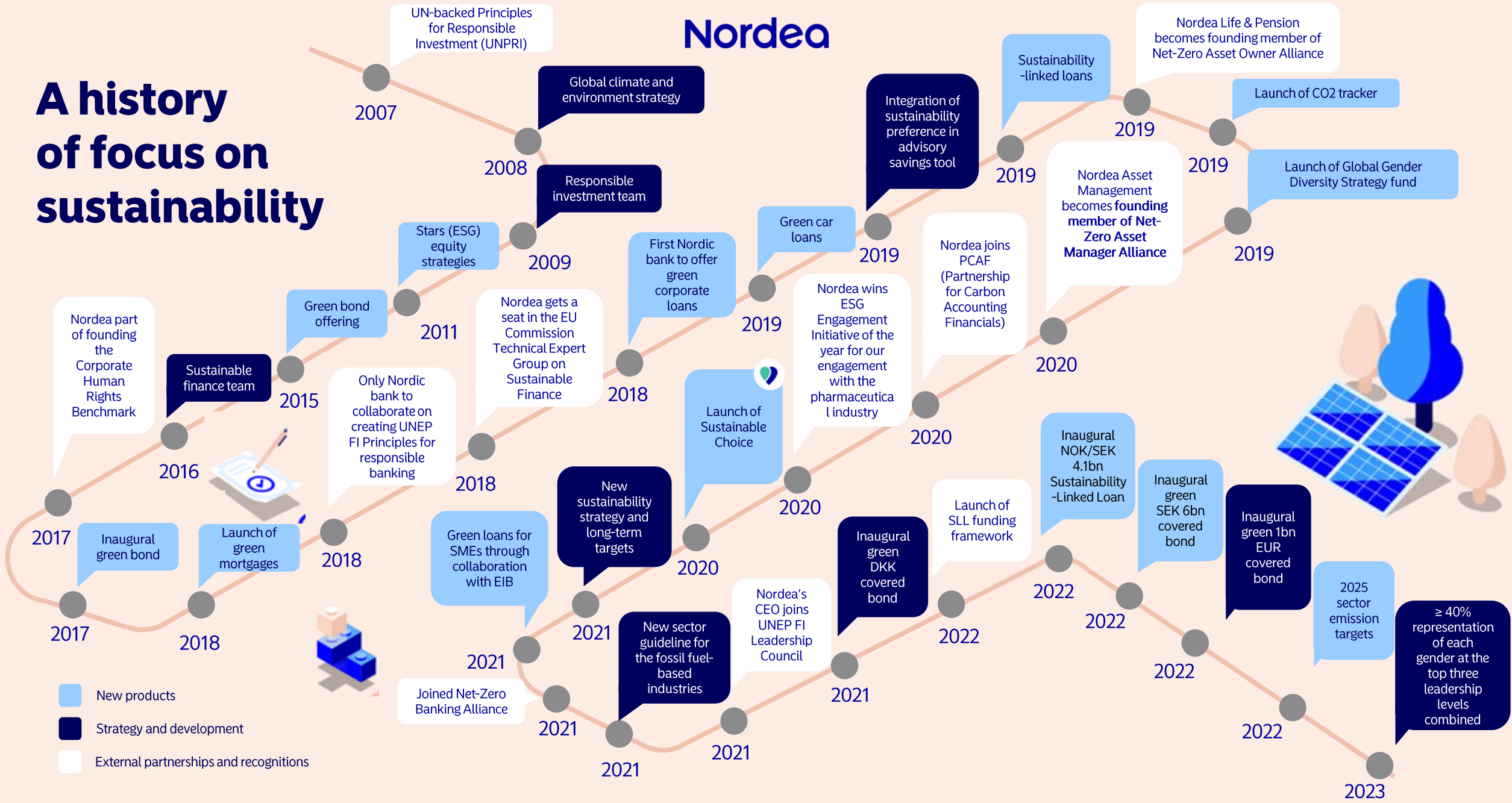
Sustainability at Nordea

Sustainability at Nordea



A history of focus on sustainability

Nordea



- New products
- Strategy and development
- External partnerships and recognitions




Sustainability at the core

Our long term sustainability objectives supported by short term targets

Our sustainability objectives

 Become a **net-zero** emissions bank by 2050 at the latest

 **40-50%**

reduction in emissions across investment and lending portfolios by 2030¹

 **50%**

reduction in emissions from internal operations by 2030¹

Gender balance

Supported by our 2025 sustainability targets²:

€ **EUR >200bn**

Sustainable financing facilitation
2022-2025

 **90%**

of exposure to large corporates
in climate-vulnerable sectors to
be covered by transition plans

 **80%**

of the top 200 financed emissions
contributors in Nordea Asset
Management's portfolios are either
aligned with the Paris Agreement or
subject to active engagement

 **Double**

the share of net-zero committed
AUM

 **At least 40%**

representation of each gender at
the top three leadership levels³
combined

Sustainability at the core

Further strengthened climate targets in our lending portfolio

Progress



40-50% reduction in financed emissions in our lending portfolio by 2030¹

~-25% (2023)

Sector	Sub-sector	Emissions scope	Metric	Base year	Baseline	Target year	Target	Current status
Shipping	Vessels	1	AER, gCO ₂ /dwt-nm	2019	8.3	2030	-30%	8.4 AER (2021)
Residential real estate	Households and tenant-owner associations	1 and 2	kgCO ₂ e/m ²	2019	17.6	2030	-40-50%	17.1 kgCO ₂ e/m ² (2022)
Power production	Electricity generation	1 and 2	gCO ₂ e/kWh	2021	-	2030	-70%	-
Agriculture	Crops, plantation and hunting, and animal husbandry	1 and 2	tCO ₂ e/EURm	2021	-	-2030	-40-50%	-
Oil & gas	Exploration and production	1, 2 and 3	MtCO ₂ e	2019	3.0	2030	-55%	0.06 MtCO ₂ e (2022)
Offshore	Drilling rigs and offshore service vessels within oil and gas, and shipping	-	EURm	2019	1,885	2025	-100%	-
Mining	Thermal peat	-	EURm	2022	52	2025	-100%	-
	Thermal coal	-	EURm	<i>Restrictive policy, full phase-out achieved in 2021</i>				

6 1) compared to 2019 baseline and covering lending to corporates and households for business loans, motor vehicles, commercial and residential real estate and shipping; Progress excluding commercial real estate

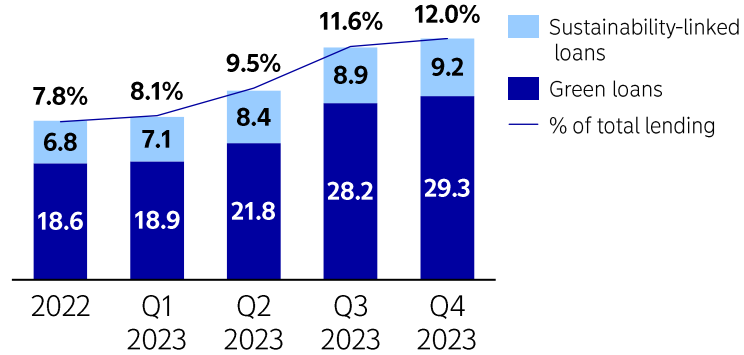
Sustainability at the core

Actively engaging to drive transition and capture growth opportunities

Channelling capital towards sustainable solutions

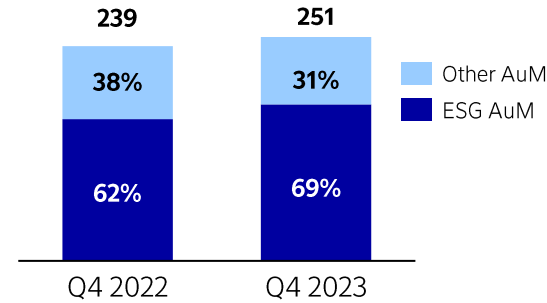
Green and sustainability-linked loans

Total volumes, EURbn



Nordea Asset Management

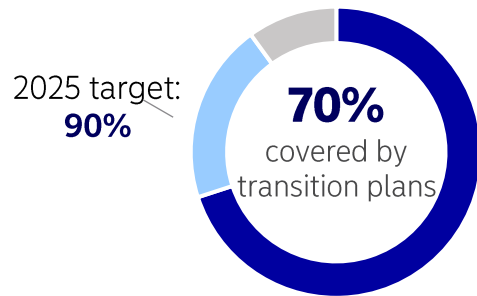
Assets under management, EURbn



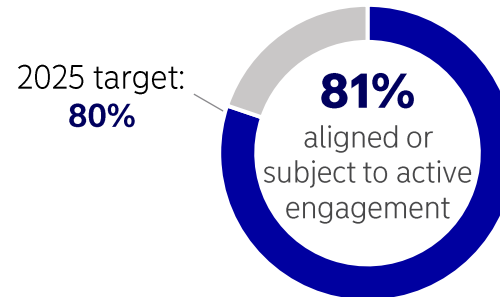
ESG AuM = article 8 and 9 funds (according to EU SFDR)

Engaging to support green transition

Transition plan for large corporates



Alignment with Paris agreement for top 200 emission contributors



- **Facilitated EUR 135bn in sustainable financing**
Compared to target EUR >200bn by 2025
- **New progress report on climate actions and targets published**
- **#1 Nordic corporate sustainable bonds**
- **#1 Nordic corporate sustainable loans**

Externally validated sustainability commitment

MSCI 

ESG Rating: **AA** (AAA to CCC)

 **SUSTAINALYTICS**

ESG Score: **15.8** (0 to 100)**

ISS ESG 

Company Rating: **C** (A+ to D-)*

S&P Global

CSA score: **65** (0 to 100)***

8 * Highest rating within sector is C+
** Lower score represents lower ESG risk
*** Higher score represents better sustainability practices

Other commitments

- Co-founders of UNEP FI principles for responsible banking
- Founding members of collective commitment to climate action
- Founding member net-zero asset owner alliance (Life & Pension)
- Founding member net-zero asset manager initiative
- Joined partnership for carbon accounting financials (PCAF)
- Founding member of the Poseidon principles for the shipping industry
- Joined net-zero banking alliance

Signatories to international conventions



Nordea also follows the United Nations' Universal Declaration of Human Rights, ILO-conventions and the OECD Guidelines for Multinational Enterprises in our operations and business.

Nordea

Green bonds and green funding framework

Green bonds and green funding framework



Nordea's sustainability ambitions reflected in capital markets milestones

- Recent sustainable bond issuance include covered bonds, senior bonds and Tier 2 notes across six different currencies: EUR, DKK, SEK, NOK, STG and CHF
- Largest green bond issuer in Europe both by volume and number of deals in 2023



IFR
Sustainable
Issuer of the
Year




1 **Nordea** 


CHF 300m 5-year **Green**
Senior Non-Preferred
Fixed Rate
MS +80bps / 2.490%
Inaugural **Green** CHF SNP
Largest ever Nordic CHF SNP
5 bp Greenium

3 **Nordea** 

SEK 3bn 3-year **Green**
Senior Non-Preferred
Fixed and Floating Rate
3mS +125bps & MS +125bps / 4.768%
Inaugural **Green** SEK SNP
Largest ever Green SEK SNP
5 bp Greenium

5 **Nordea** 


EUR 1bn 3-year **Green**
Covered Bond
Fixed Rate
MS +5bps / 3.522%
Green EUR CB
2 bp Greenium

7 **Nordea** 

SEK 6bn 5-year **Green**
Covered Bond
Fixed Rate
MS +43bps / 3.998%
Green SEK CB
5 bp Greenium

9 **Nordea** 


NOK 7bn 5-year **Green**
Covered Bond
Floating Rate
3mN +54bps
Green NOK CB
4 bp Greenium

2 **Nordea** 

GBP 300m 3NC2 **Green**
Senior Non-Preferred
Fixed Rate
MS +190bps / 6.012%
Inaugural **Green** GBP SNP
Final book above GBP 525m
5 bp Greenium

4 **Nordea** 


NOK 1.8bn 5-year **Green**
Senior Non-Preferred
Fixed and Floating Rate
3mN +145bps & MS +132bps / 5.01%
Inaugural **Green** NOK SNP
Largest ever Green NOK SNP
5 bp Greenium

6 **Nordea** 

EUR 1bn 3NC2 **SLL**
Senior Non-Preferred
Fixed to Floating
MS +68bps / 4.390%
Inaugural **SLL** EUR SNP
First SLL EUR SNP ever

8 **Nordea** 













DKK 2.3bn 4-year **Green**
Covered Bond Tap
Floating Rate
Green DKK CB
0-2 bp Greenium

10 **Nordea** 

EUR 500m 10.25NC5.25-year
Green
Tier 2
Fixed Rate
Green EUR T2
5 bp Greenium

Use of proceeds - Nordea Bank

Six eligible green bond asset categories in the framework

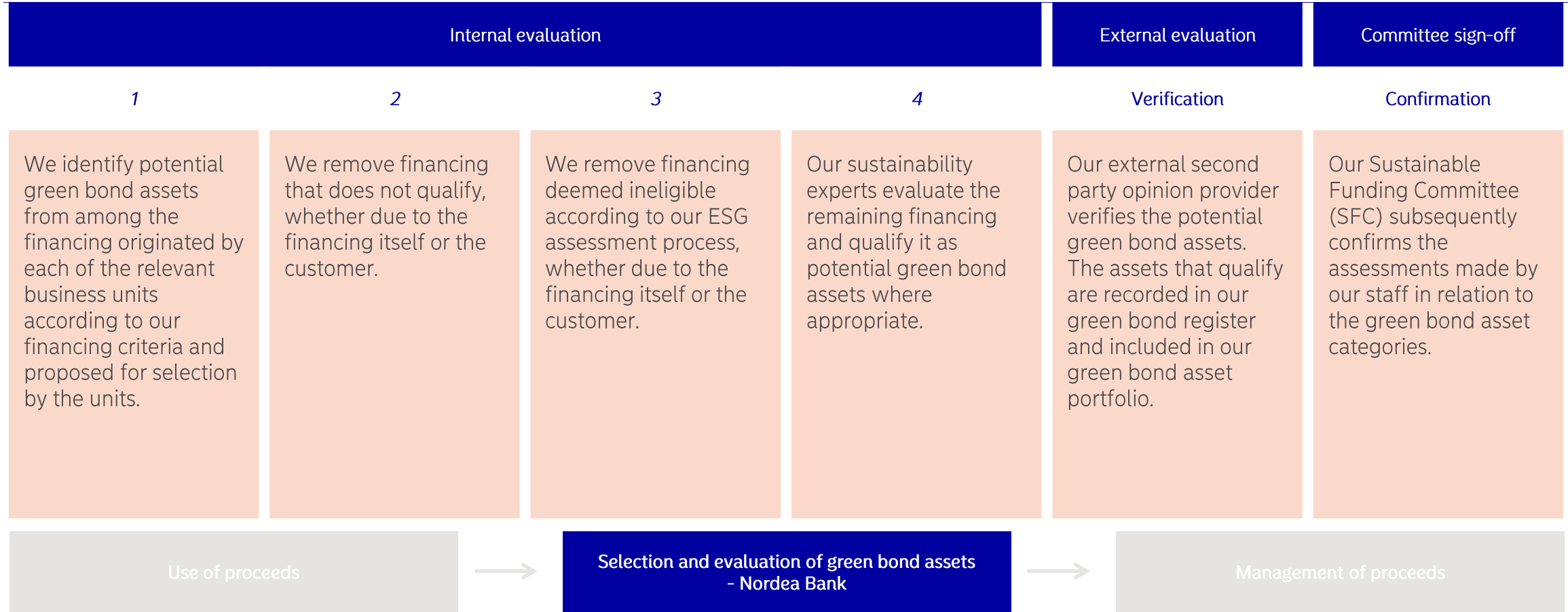
Green bond asset category	Sub category	SDG mapping*
Renewable energy	Wind power	 
	Solar power	
	Hydro power	
	Integration of renewable energy into the transmission network	
	Production of hydrogen	
Energy efficiency	Energy storage and transmission, district heating	
Green buildings	Certified green buildings	
Pollution prevention and control	Water and waste water management	   
	Waste management	
	Waste-to-energy	
Clean transportation	Electric cars Electric vehicles/Hydrogen fuel cell vehicles	 
Sustainable management of living natural resources	Sustainable forestry Sustainable agriculture Sustainable aquaculture	  

Comments

- Nordea’s green funding framework adheres to the latest edition of the green bond principles and is reviewed annually, most recently in December 2023
- Net proceeds of green bonds issued will be used for (re)financing of assets within the eligible green asset categories
- Green bond asset categories have been identified by Nordea as aiming to increase positive or reduce negative impact on the environment
- Net proceeds of any Nordea green bond shall **NOT** be used towards financing of:
 - ✗ Nuclear or fossil fuel energy operations
 - ✗ Weapons and defence
 - ✗ Coal mining
 - ✗ Tobacco
- ISS Corporate provides a second party opinion (SPO) of the sustainability quality of the bonds including Nordea’s green funding framework, the selection criteria and asset pool, the alignment of the Green Covered Bond asset portfolios with the EU Taxonomy on a best-efforts basis and consistency of the instruments with Nordea’s sustainability strategy.

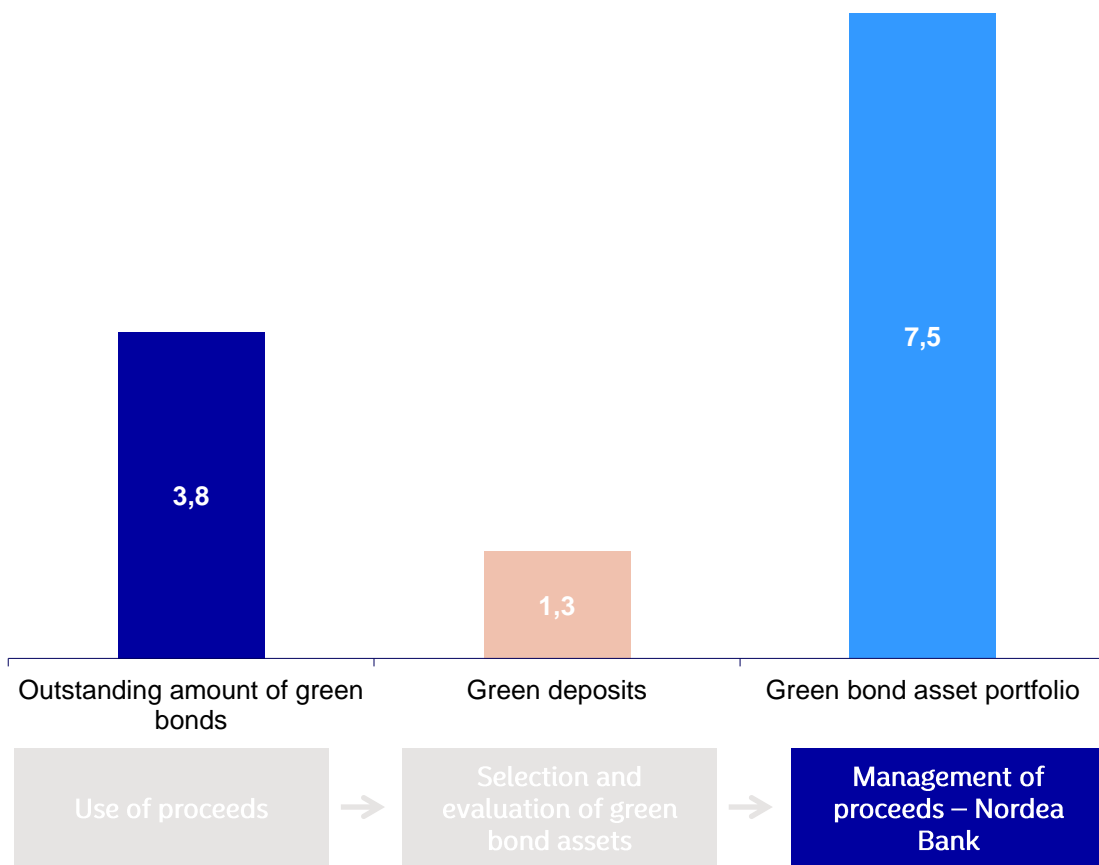
Selection and evaluation of green bond assets – Nordea Bank

A robust decision-making process defines how green bond assets are approved



Management of proceeds – Nordea Bank

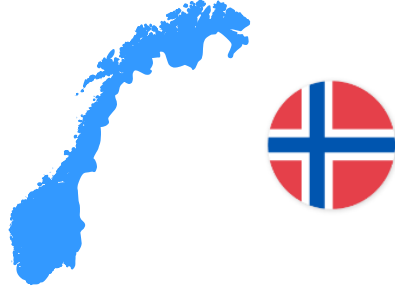
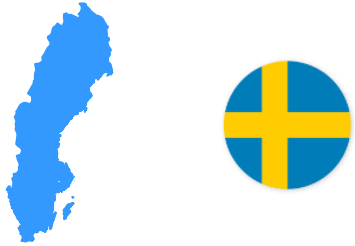

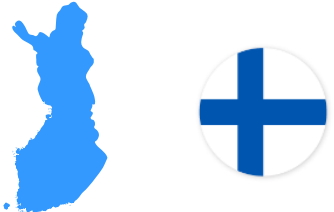
Nordea Bank - green assets versus issuance, (EURbn)*



- We have established a green bond register, where we record the composition of our green bond asset portfolio and state how we intend to allocate the net proceeds of our green bonds to green bond assets.
- An amount equal to the net proceeds of our green bonds and deposits is placed in our general funding accounts but can be identified in the green bond register.
- The composition and amount of green bond assets is internally reviewed on a quarterly basis to account for repayments and drawings
- We intend to maintain an aggregate amount of assets in the green bond asset portfolio at least equal to the aggregate net proceeds of all our outstanding green bonds and deposits
- Any portion of the net proceeds of green bonds or deposits not recorded in the register as allocated to green bond assets is held in accordance with our normal liquidity management policy

Covered bonds

Nordea covered bond operations

	Nordea Eiendomsrett	Nordea Hypotek	Nordea Kredit	Nordea Mortgage Bank
Four aligned covered bond issuers with complementary roles				
Legislation	Norwegian	Swedish	Danish	Finnish
Cover pool assets	Norwegian residential mortgages	Swedish residential mortgages primarily	Danish residential & commercial mortgages	Finnish residential mortgages primarily
Cover pool size*	EUR 21.3bn (eq.)	EUR 57.8bn (eq.)	Balanced principle	Pool 1: EUR 19.7bn/ Pool 2: EUR 5.6bn
Covered bonds outstanding*	EUR 15.1bn (eq.)	EUR 31.5bn (eq.)	EUR 60.0bn (eq.)**	Pool 1: EUR 15.6bn/ Pool 2: EUR 4bn
OC*	41%	83%	7%**	Pool 1: 27% / Pool 2: 44%
Issuance currencies	NOK	SEK	DKK, EUR	EUR
Rating (Moody's / S&P)	Aaa/-	Aaa / -	- / AAA	Aaa / -
Outstanding green covered bonds	EUR 1.25bn	EUR 1.1bn	EUR 2.1bn	EUR 2.0bn






COVERED BOND
- LABEL -

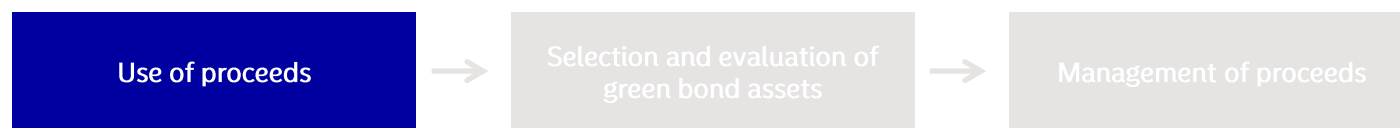
*Data as per Q3

**The figures in Nordea Kredit only include capital centre 2 (SDRO). Nordea Kredit no longer reports for CC1 (RO), as this capital centre only accounts for a minor part (<1%) of the outstanding volume of loans and bonds

Use of proceeds – green covered bonds

Three eligible green covered bond asset categories in the framework

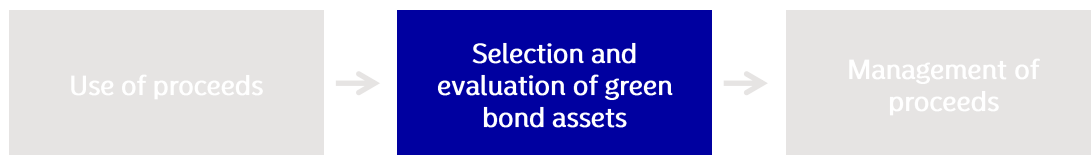
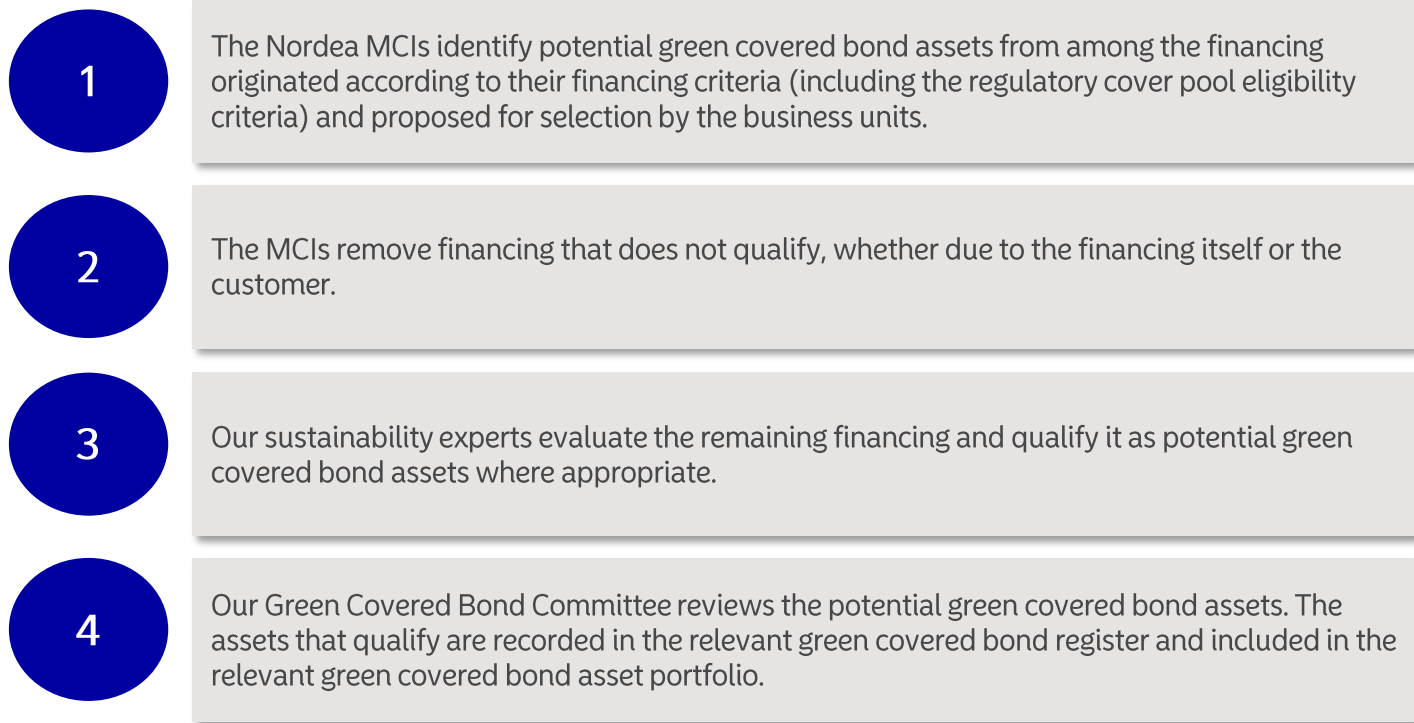
Green bond asset category	Sub category	SDG mapping*
Construction of new buildings	Energy performance certificate (EPC) is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB)	
For buildings built before 31 December 2020	EPC class A or alternatively within the top 15% of the national or regional building stock	
Renovations	Major renovations or leading to a reduction of primary energy demand (PED) of at least 30%	



- The net proceeds of the green covered bonds issued by either Nordea Eiendomskreditt AS , Nordea Hypotek AB (publ), Nordea Kredit Realkreditaktieselskab, or Nordea Mortgage Bank Plc (the “MCIs”) are intended to be used, directly or indirectly, to finance or refinance assets that:
 - are eligible for being included in the general cover pool of the respective Nordea MCI, and
 - satisfy certain eligibility requirements that promote climate-friendly and other environmental purposes

Selection of green covered bond assets

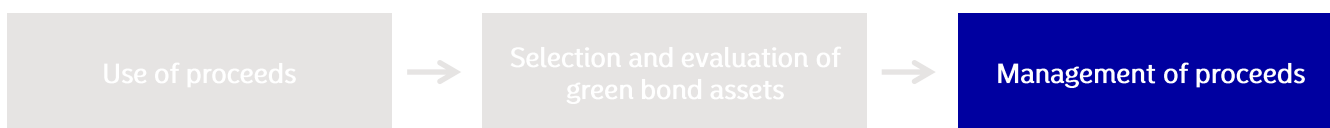
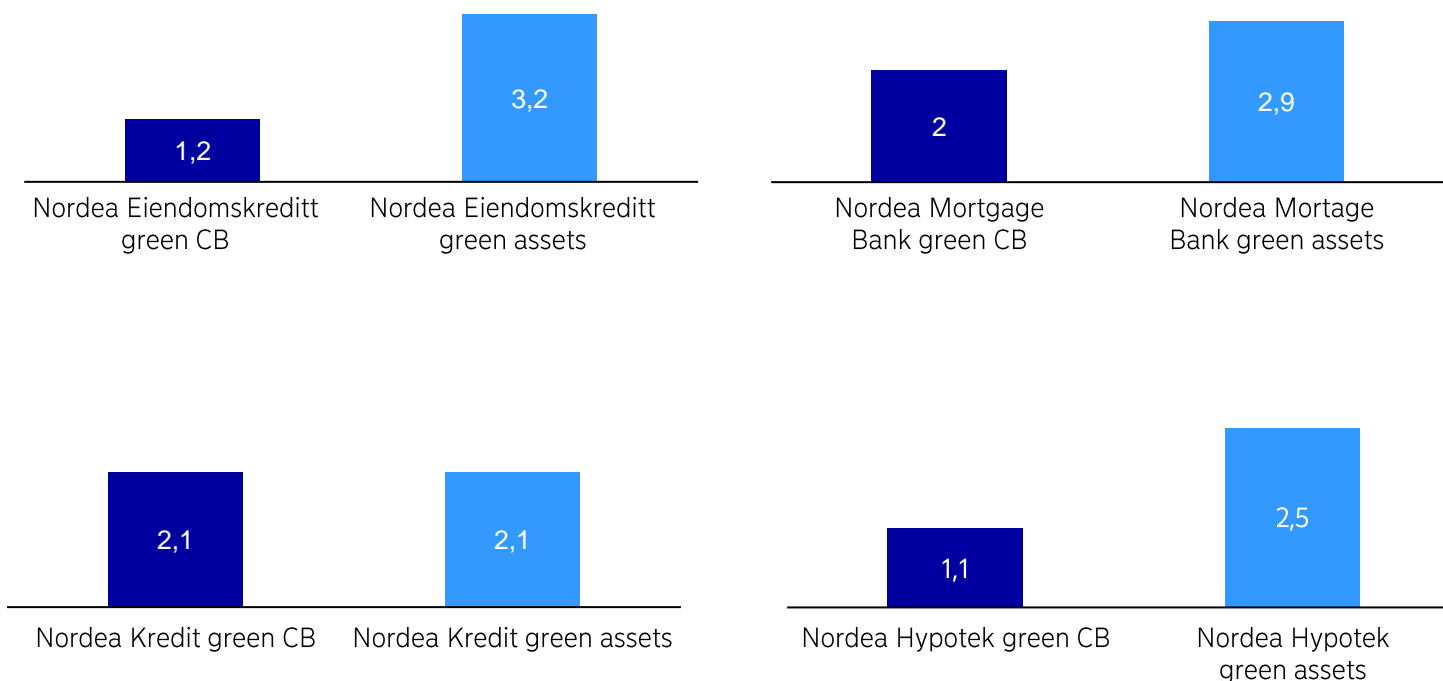
Selection process



- The Green Covered Bond Committee is a subcommittee of the SFC. It meets to review potential green assets on a quarterly basis
- The proceeds of green covered bond issues are allocated to green covered bond assets at the portfolio level
- The proceeds are thus intended to be allocated, directly or indirectly, to all assets in the green covered bond asset portfolio in equal shares

Use of proceeds – green covered bonds

Outstanding green covered bonds and green mortgage assets*, EURbn



- We have established green covered bond registers recording composition of the green covered bond asset portfolios and state how we intend to allocate the net proceeds of green covered bonds issued by the Nordea MCIs to green covered bond assets
- The green covered bond registers are separate from the other registers kept by the Nordea MCIs for regulatory, governance, monitoring and other purposes related to the covered bonds and specifically the cover pools

Nordea

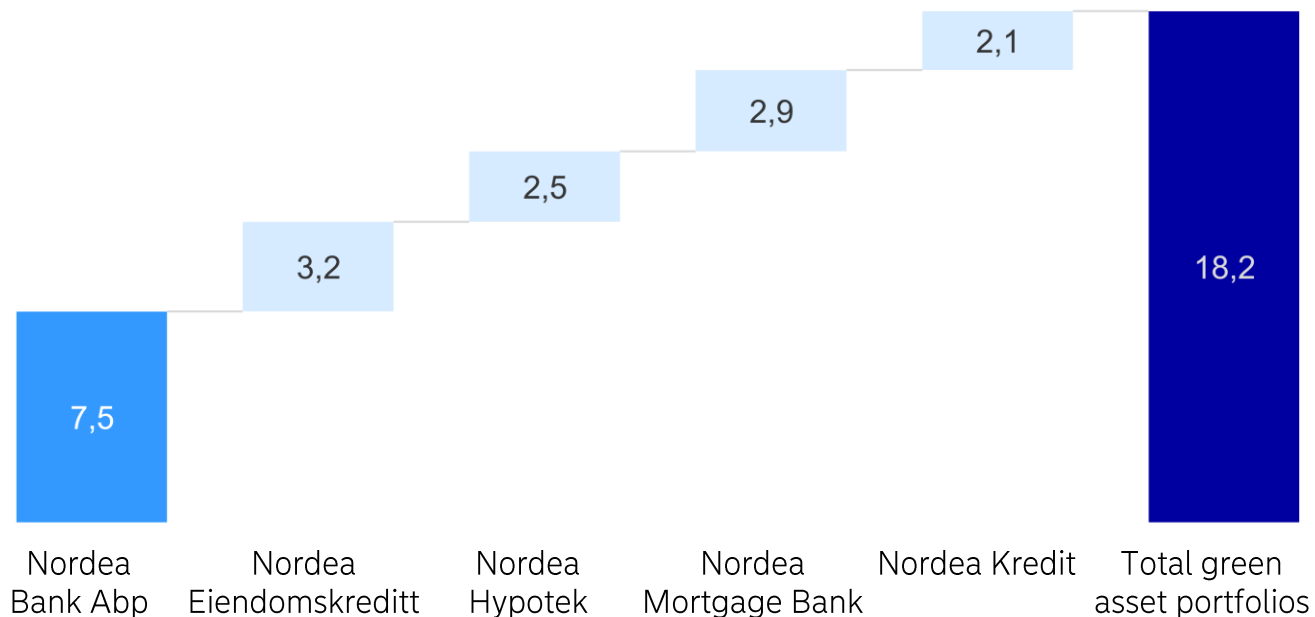
Nordea green assets

Nordea green assets



Nordea green asset portfolios

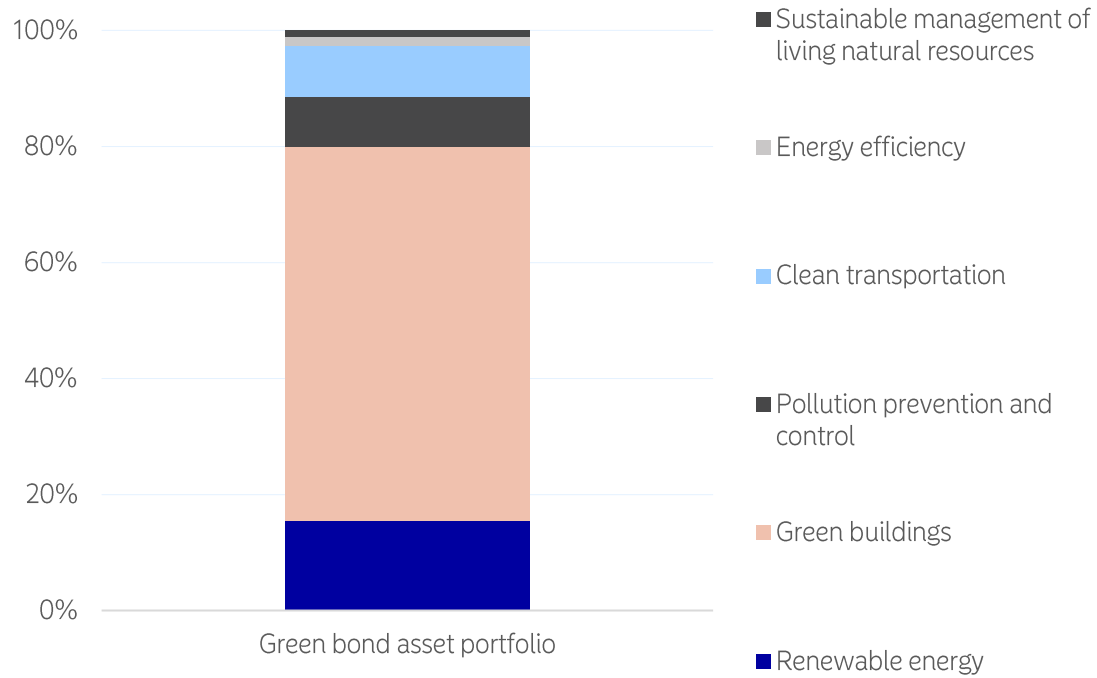
Green asset portfolios *, EURbn



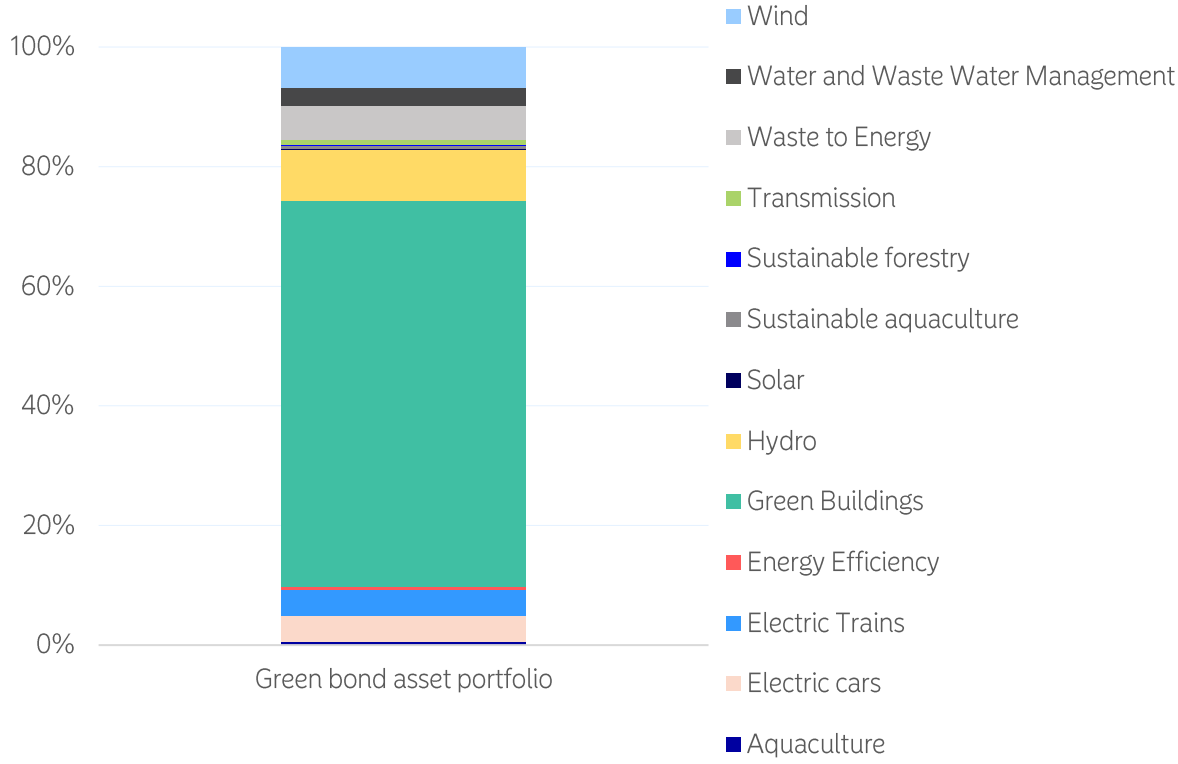
- Continued strong growth in green assets across categories and jurisdictions
- Nordea Bank's green bond asset portfolio increased from EUR 5.4bn to EUR 7.5bn
- Mortgage subsidiaries increased from asset growth, improved data and methodology updates

Green bond assets – Nordea Bank

Green bond assets – breakdown by category



Green bond assets – breakdown by subcategory



Nordea

Reporting and external review

Reporting and external review



External review – ISS Corporate SPO

Sustainability Quality of the Issuer and Asset Pool
Nordea Bank Abp
31 January 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Green Bonds, Green Covered Bonds and Green Deposits

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- EU Taxonomy Climate Delegated Act (as of June 2023)
- Nordea Green Funding Framework (as of December 21, 2023)

Scope of verification

- Nordea Green Bond asset portfolio (as of November 28, 2023)
- Nordea Green Covered Bond portfolios (as of November 28, 2023)


Lifecycle

- Post-issuance verification

Validity

- This SPO is valid for Nordea's outstanding Green Bond and Green Covered Bond issuances and as long as the asset portfolio does not change, until the first to occur of (a) the release of the next annual verification of these issuances (expected in 2024) or (b) December 31, 2024.

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SPO SECTION	SUMMARY	EVALUATION
Part IA: Alignment with ICMA GBP	The Issuer has defined a formal concept for its Green Bonds and Green Covered Bonds, regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green Bond Principles. This SPO covers the assets of Nordea Bank and Nordea's wholly owned subsidiaries Nordea Kredit Realkreditaktieselskab, Nordea Mortgage Bank Plc, Nordea Eiendoms-kreditt AS and Nordea Hypotek AB (publ) (the "Nordea MCIs").	Aligned
Part II: Sustainability quality of the Selection Criteria	The Green Bonds will (re)finance eligible asset categories which include: Renewable Energy (Wind, Solar, hydropower), Green Buildings, Pollution Prevention and Control, Clean Transportation, Energy Efficiency and Sustainable Management of Living Resources. Product and/or service-related use of proceeds categories ⁴ individually contribute to one or more of the following SDGs:  Process-related use of proceeds categories ⁵ individually improve (i) the Issuer's/Borrower's operational impacts and (ii) mitigate potential negative externalities of the Issuer's/Borrower's sector on one or more of the following SDGs:	Positive

Part III: Alignment with EU Taxonomy	Nordea's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2023), on a best-efforts basis. ⁶ The nominated Green Covered Bonds are considered to be: <ul style="list-style-type: none"> Aligned with the Climate Change Mitigation Criteria. Some Do No Significant Harm Criteria have not been met due to a lack of available information <p>According to the Platform on Sustainable Finance, Final Report on Minimum Safeguards (October 2022), banks do not need to consider MSS with regards to household mortgages.</p>	
Part IV: Consistency of Green Finance Instrument with Nordea's Sustainability Strategy	The key sustainability objectives and the rationale for issuing Green Finance Instrument are clearly described by the Issuer. The majority of the project categories considered are in line with the sustainability objectives of the Issuer. At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified.	Consistent with Issuer's sustainability strategy

Highlights from ISS Corporate's second party opinion

- The Issuer has defined a formal concept for its Green Bonds and Green Covered Bonds, regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green Bond Principles
- Nordea's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2023), on a best-efforts basis. The nominated Green Covered Bonds are considered to be:
 - Aligned with the Climate Change Mitigation Criteria.
 - Some Do No Significant Harm Criteria have not been met due to a lack of available information
- The key sustainability objectives and the rationale for issuing Green Finance Instrument are clearly described by the Issuer. The majority of the project categories considered are in line with the sustainability objectives of the Issuer

Nordea Bank sustainable funding report

Category	Subcategory	Impact measurement indicators	
Renewable energy	Wind, hydro, solar and hydrogen production	Installed renewable energy production capacity (MW)	Estimated CO2e emissions avoided relative to baseline
Energy efficiency	Energy transmission, energy storage, district heating	Amount of energy saved (MWh)	Estimated CO2e emissions avoided
Green buildings	Green buildings	Amount of energy saved (MWh)	Estimated CO2e emissions avoided
Pollution prevention and control	Water and waste water management, waste management	Water withdrawal or treatment capacity (m3/day or t/day)	
	Conversion of waste to energy	Production capacity (MW)	Estimated CO2e emissions avoided relative to baseline
Clean transportation	Public transport / freight transport	Estimated CO2e emissions avoided	
Sustainable management of living natural resources	Sustainable forestry, agriculture and aquaculture	Land area certified	CO2e emissions per kilo produced

Sustainable funding reporting contents

- the amount of net proceeds allocated within each green bond asset category and, when possible and relevant, information on the type, number and location of green bond assets included in each category
- the remaining balance of net proceeds not yet allocated to green bond assets
- where appropriate and subject to confidentiality arrangements, examples of green bond assets financed or refinanced by the net proceeds of green bonds.
- Information on environmental impacts of the green bond assets

It is Nordea's intention to report these figures on an annual basis as long as we have green bonds outstanding

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