

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

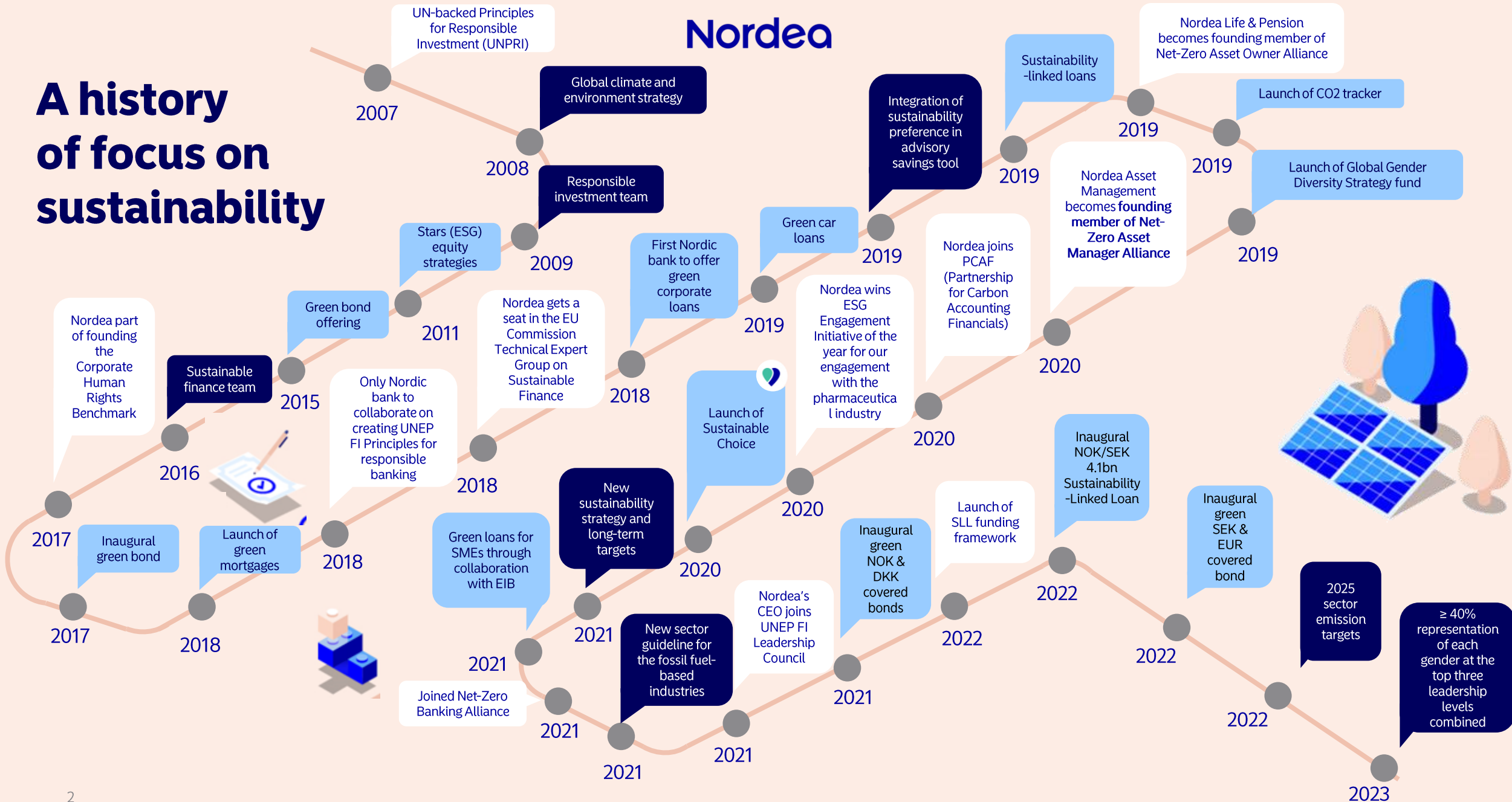
Sustainability at Nordea

Sustainability at Nordea



A history of focus on sustainability

Nordea




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

Gender balance


 **40-50%**
reduction in emissions across investment and lending portfolios by 2030¹


 **50%**
reduction in emissions from internal operations by 2030¹


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

3 1) compared to 2019 baseline
2) Selection of our medium-term targets – [link](#) to full list of targets
3) Group Leadership Team (GLT), GLT-1 and GLT-2

Sustainability at the core

Further strengthened climate targets in our lending portfolio

<div>  40-50% reduction in financed emissions in our lending portfolio by 2030¹ </div>								Progress
								-19% (2022)
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%	New target
Agriculture	Crops, plantation and hunting, and animal husbandry	1 and 2	tCO ₂ e/EURm	2021	-	-2030	-40-50%	New target
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	Restrictive policy, full phase-out achieved in 2021				

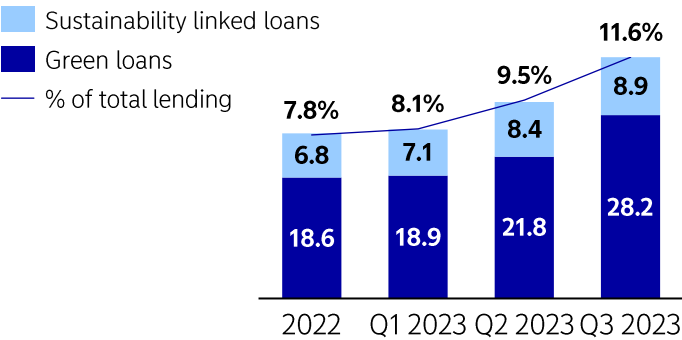
Sustainability at the core

Actively engaging to drive transition and capture growth opportunities

Channelling capital towards sustainable solutions

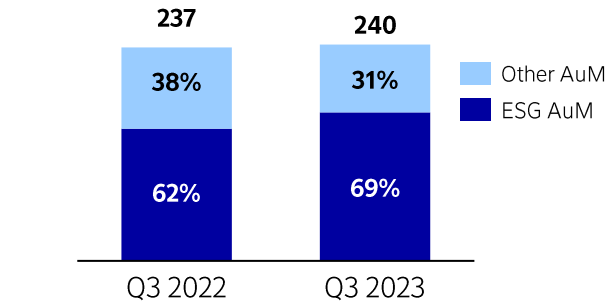
Green and sustainability linked loans

Total volumes, EURbn



Nordea Asset Management

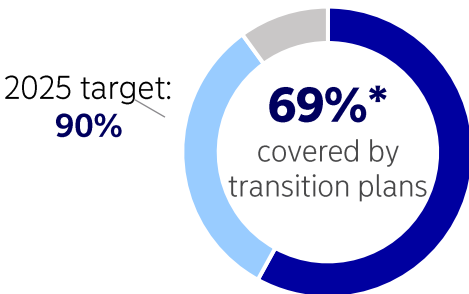
Assets under management, EURbn



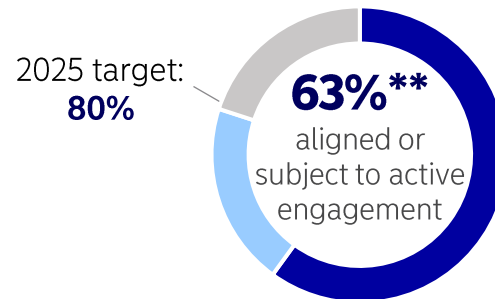
ESG AuM = article 8 and 9 funds (according to EU SFDR)

Engaging to support green transition

Transition plan for large corporates



Alignment with Paris agreement for top 200 emission contributors



- **Facilitated EUR 104bn in sustainable financing**
Compared to target EUR >200bn by 2025
- **Nordea has moved to the low-risk category in Sustainalytics**
- **#1 Nordic corporate sustainable bonds**
- **#1 Nordic corporate sustainable loans**

Externally validated sustainability commitment



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



SUSTAINALYTICS

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



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

S&P Global

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

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.

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

Nordea

Green bonds and green funding framework

Green bonds and green funding framework



Nordea green issuance overview

Recent green bond issuance (Nordea Bank Abp)

May 2023

Nordea Bank Abp – NOK 1,800m 3y Green Senior Non-Preferred

Nordea

NOK 1.8bn 3m Nibor+145bp / MS+132bp

"The successful transaction highlights both excellent market timing and the strength of the Nordea name among investors, besides the importance of the green element and Nordea's group-wide commitment to sustainability"

May 2023

Nordea Bank Abp – SEK 3,000m 3y Green Senior Non-Preferred

Nordea

SEK 3bn MS+125bp

"This successful transaction highlights the strength of Nordea's credit among investors and an excellent market timing providing great investor interest in the green offering"

May 2023

Nordea Bank Abp – GBP 300m 5y Green Senior Non-Preferred

Nordea

GBP 300m G+190bp

"Testament to Nordea's impressive name reputation, but also owing to the green label and the rarity of the format, we saw a strong involvement from the key UK Real Money but also some EUR accounts, reflecting their appreciation for the chance to buy a rare product and diversify their portfolio"

May 2023

Nordea Bank Abp – CHF 300m 5y Green Senior Non-Preferred

Nordea

CHF 300m MS+80bp

"Nordea wins bumper demand with first Swissie green bond"

Green covered bond issuance

November 2022

Nordea Mortgage Bank – EUR 1bn Covered 3 year

Nordea

EUR 1bn MS +2bp

"Nordea gets great result with first Finnish green covered bond"

November 2022

Nordea Hypotek AB – SEK 6bn Covered 5 year

Nordea

SEK 6bn 3mStibor +46bp

"The Green label played a significant role in the deal, with a 2.5 times oversubscribed book and over 35 investors participating, enabling Nordea to price the transaction through fair value, implying a Greenium of 5 bps"

July 2022

Nordea Kredit Realkreditaktieselskab – DKK Benchmark/Tap Covered 4 year

Nordea

Match funded principle

Tap issuance

July 2026 maturity

November 2021

Nordea Eiendomskreditt AS – NOK 7bn FRN Covered 5 year

Nordea

NOK 7bn 3mNibor +18bp

"This was the first green NOK benchmark covered bond transaction in the market. The very strong investor demand and attractive pricing highlights the strong investor recognition of the Nordea name, in addition to the extra value of the green element for this very well-timed transaction"

July 2021

Nordea Kredit Realkreditaktieselskab – DKK Benchmark/Tap Covered 3 year

Nordea

Match funded principle

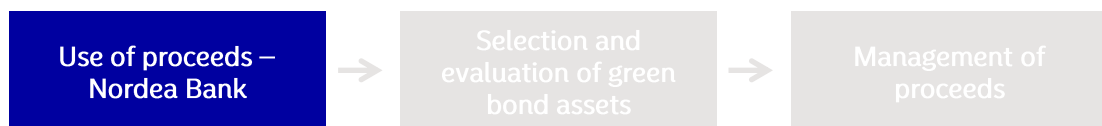
Tap issuance

July 2024 maturity

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	SDG:s 3, 7, 8, 9, 11, 12, 13
Energy efficiency	Energy storage and transmission, district heating	SDG:s 7, 8, 9
Green buildings	Certified green buildings	SDG 11
Pollution prevention and control	Water and waste water management Waste management Waste-to-energy	SDG:s 3, 11, 12
Clean transportation	Electric cars Electric vehicles/Hydrogen full cell vehicles	SDG 11
Sustainable management of living natural resources	Sustainable forestry Sustainable agriculture Sustainable aquaculture	SDG:s 2, 11, 12, 14, 15

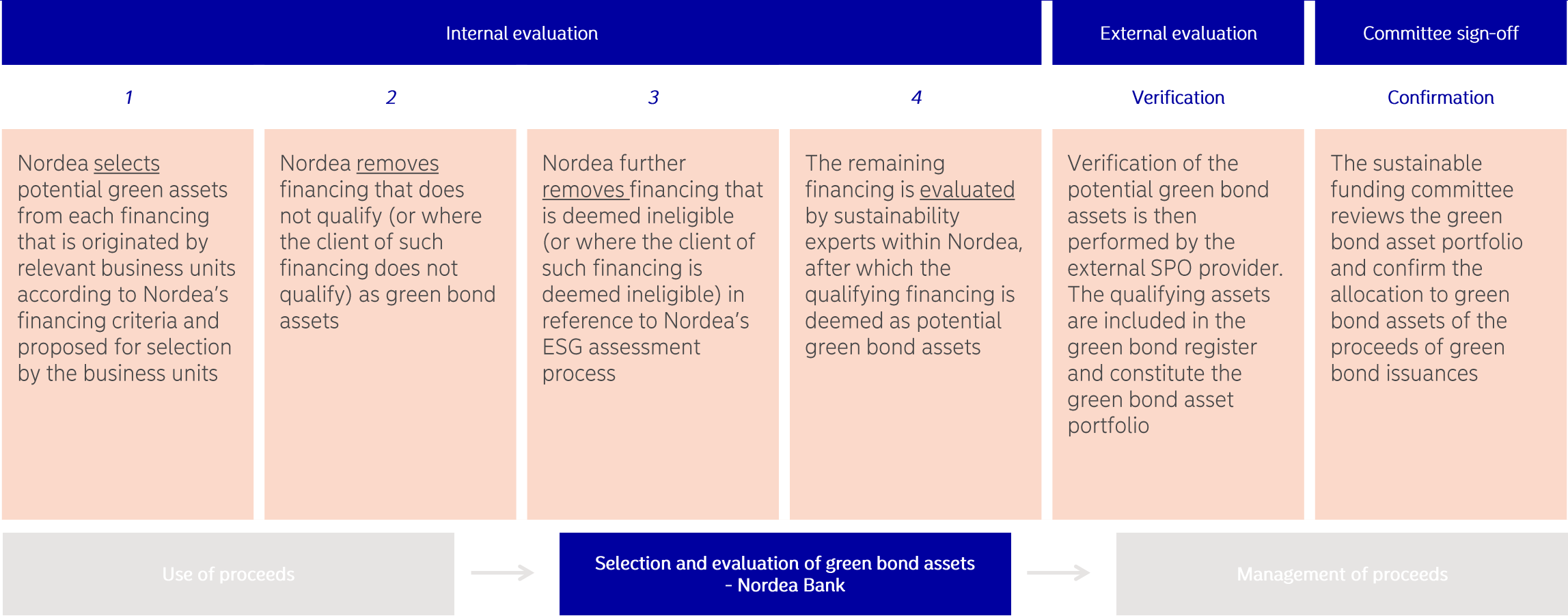


Comments

- Nordea's green funding framework adheres to the latest edition of the green bond principles* and is updated annually, most recently in August 2022
- 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 ESG provides a second party opinion (SPO) and an annual re-assessment of the sustainability quality of the bonds including Nordea's green funding framework, green bond asset portfolio and sustainability performance

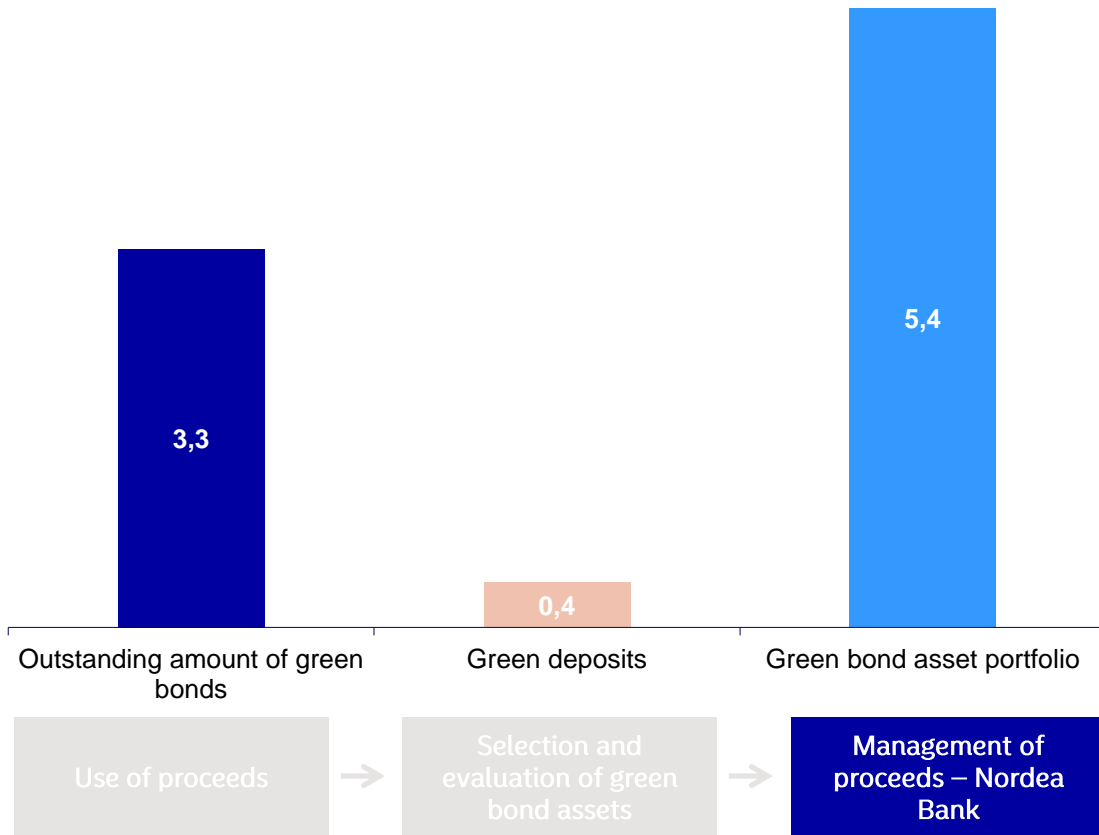
Selection and evaluation of green bond assets – Nordea Bank

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



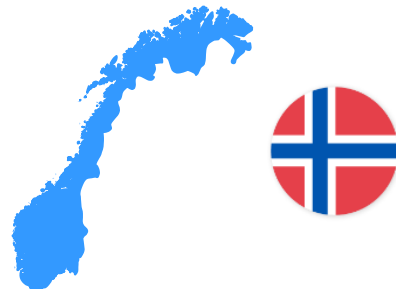
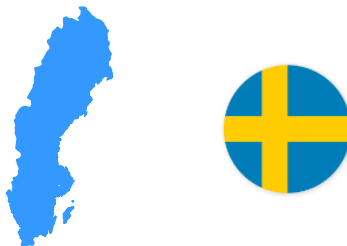

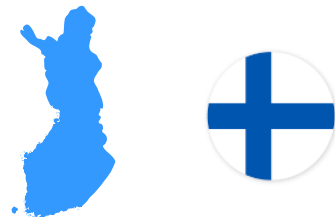
Use of proceeds – Nordea Bank

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



- Nordea has established a green bond register in relation to green bonds issued for the purpose of recording the green bond asset portfolio and the allocation of the net proceeds from green bonds to green bond assets
- The net proceeds are deposited in the general funding accounts and earmarked for allocation 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
- Nordea's intention is to maintain an aggregate amount of green bond assets that is at least equal to the aggregate amount of outstanding green bonds
- In case not enough green bond assets are available, net proceeds from green bonds will be held in accordance with Nordea's normal liquidity management policy

Nordea covered bond operations

Four aligned covered bond issuers with complementary roles	Nordea Eiendoms kreditt	Nordea Hypotek	Nordea Kredit	Nordea Mortgage Bank	
					
	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 22.2bn (eq.)	EUR 59.2bn (eq.)	Balance principle	Pool 1: EUR 21.6bn/ Pool 2: EUR 4.6bn
	Covered bonds outstanding*	EUR 14.9bn (eq.)	EUR 34.2bn (eq.)	EUR 60.6bn (eq.)**	Pool 1: EUR 18.1bn/ Pool 2: EUR 3bn
	OC*	49%	73%	7%**	Pool 1: 20% / Pool 2: 54%
	Issuance currencies	NOK	SEK	DKK, EUR	EUR, GBP
	Rating (Moody's / S&P)	Aaa / -	Aaa / -	- / AAA	Aaa / -
	Included in Nordea Green Framework	Yes	Yes	Yes	Yes
	Issued Green CB's	Yes (inaugural issue in 2021)	Yes (inaugural issue in 2022)	Yes (inaugural issue in 2019)	Yes (inaugural issue in 2022)

- Covered bonds are an integral part of Nordea's long term funding operations
- Issuance in Scandinavian and international currencies
- All Nordea covered bond issuance entities (MCIs) are covered by Nordea's updated 2022 Nordea green funding framework

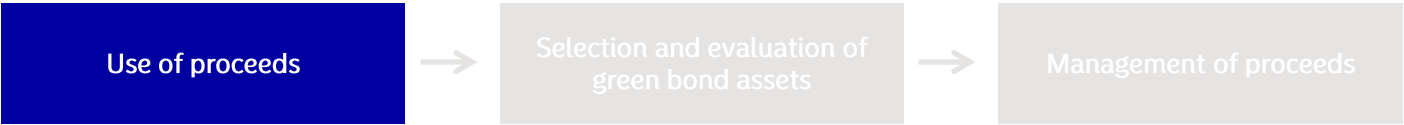


Use of proceeds – green covered bonds

Three eligible green bond asset categories in the framework

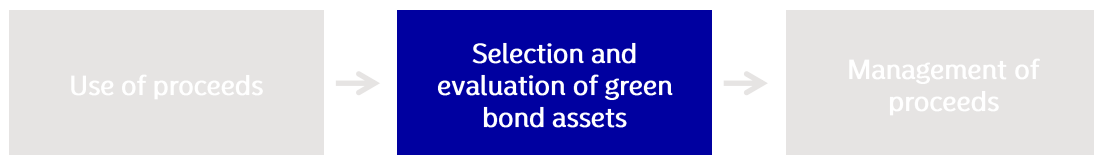
Green bond asset category	Sub category	SDG mapping*
Construction of new buildings	Energy performance certificate (EPC) is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB)	SDG 11
For buildings built before 31 December 2020	EPC class A or alternatively within the top 15% of the national or regional building stock	SDG 11
Renovations	Major renovations or leading to a reduction of primary energy demand (PED) of at least 30%	SDG 11

- 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 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 mortgage assets

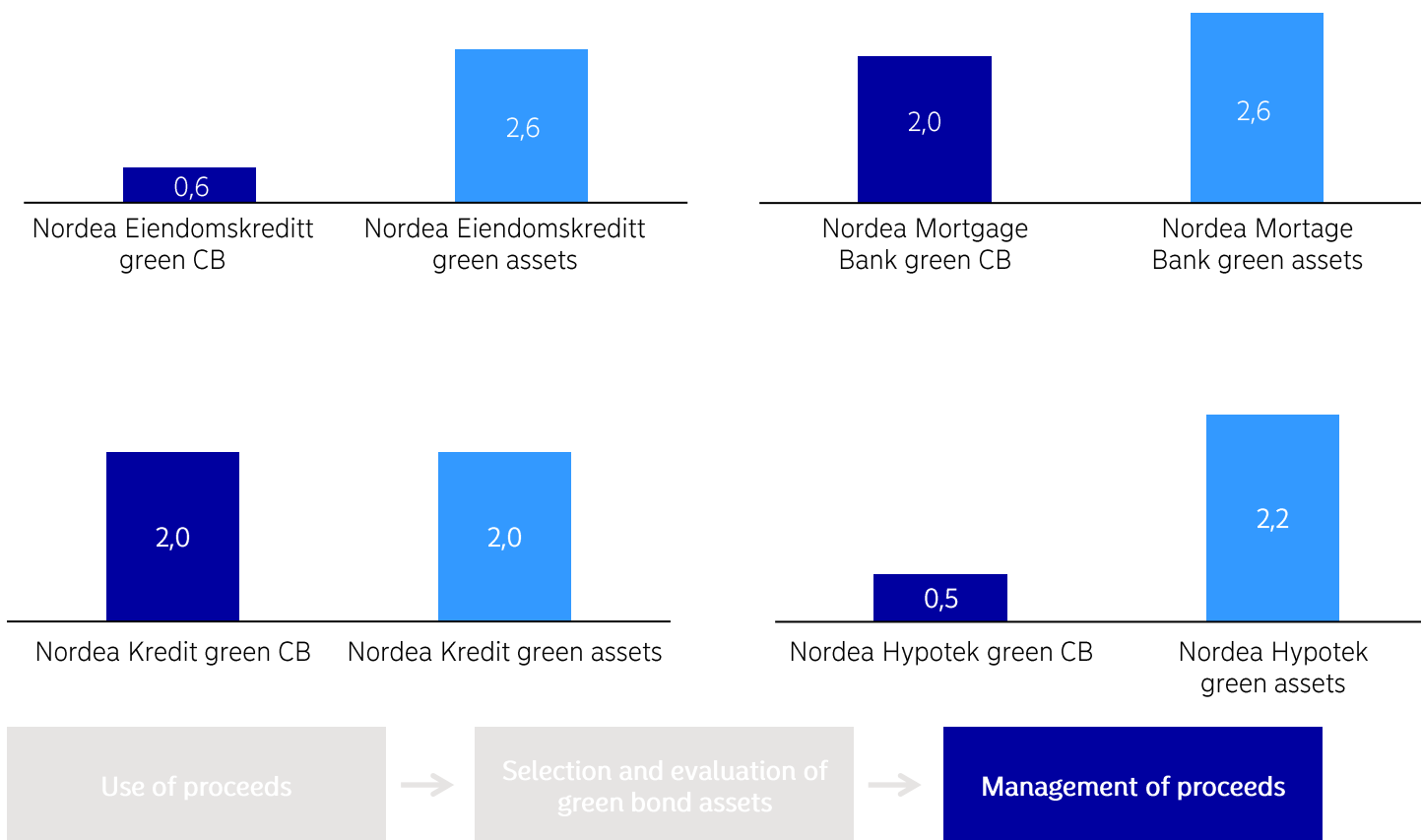
Selection process



- The green covered bond committee meets and reviews potential green assets on a quarterly basis
- Allocation of the proceeds of any green covered bond issuances to the green covered bond assets is done on a portfolio level

Use of proceeds – green covered bonds

Outstanding green bonds and green mortgage assets*, EURbn



- Nordea establishes a register in relation to green covered bonds issued by each Nordea covered bond issuer for the purpose of recording the green asset portfolios and the intended allocation of the net proceeds from green covered bonds to green assets

Nordea

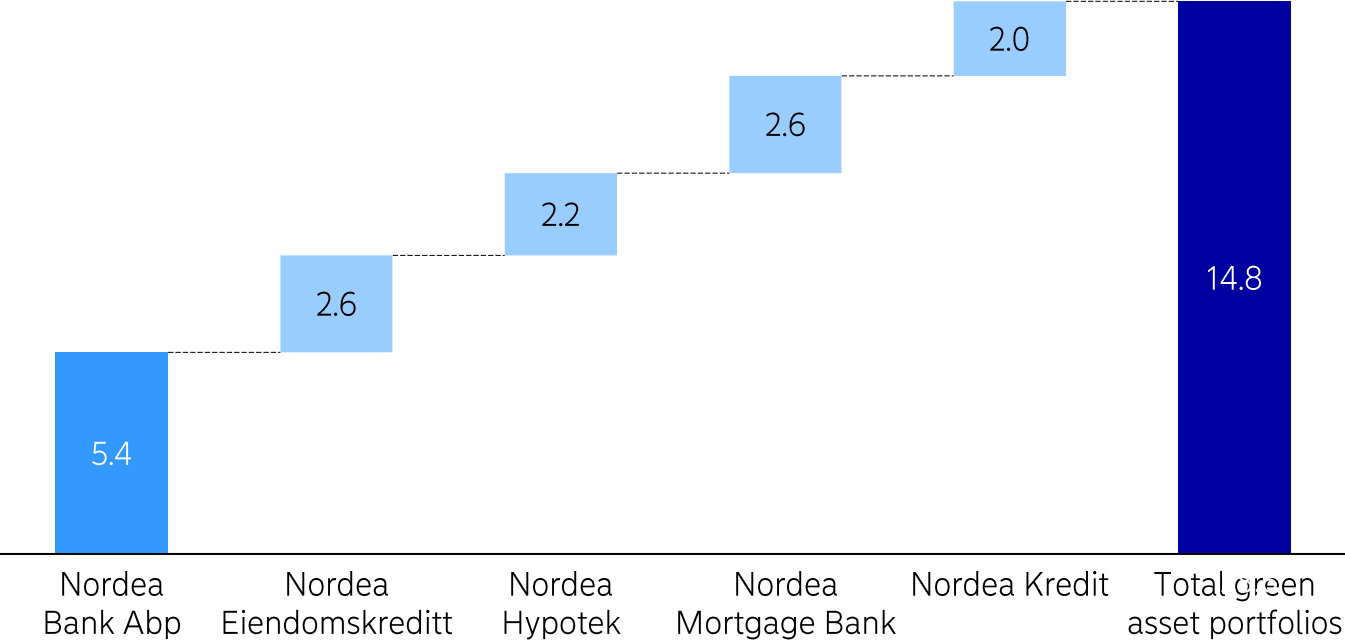
Nordea green assets

Nordea green assets



Nordea green asset portfolios

Green asset portfolios*, EURbn

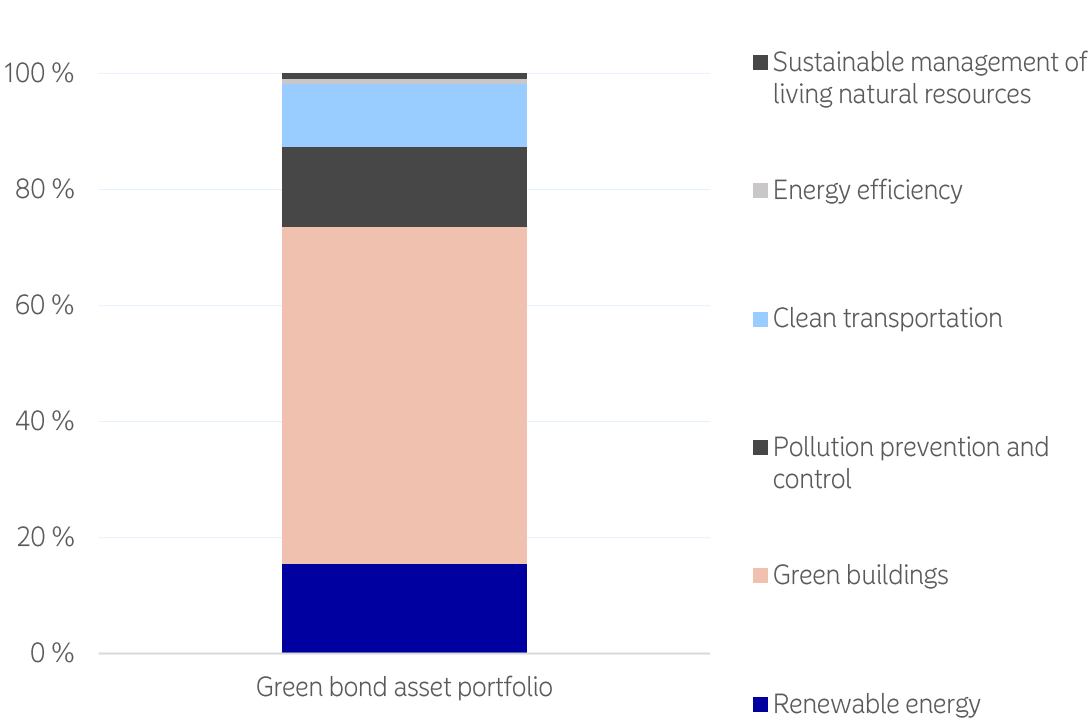


Nordea green asset portfolios

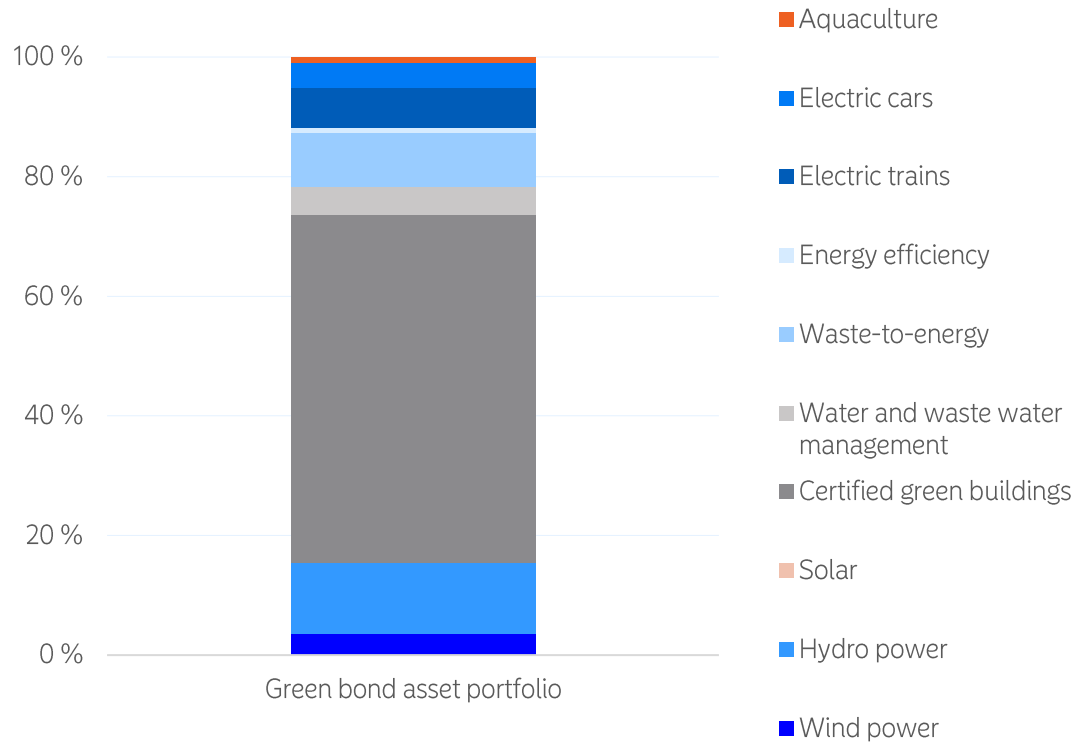
- Continued strong growth in green assets

Green bond assets – Nordea Bank

Green bond assets – breakdown by category



Green bond assets – breakdown by subcategory



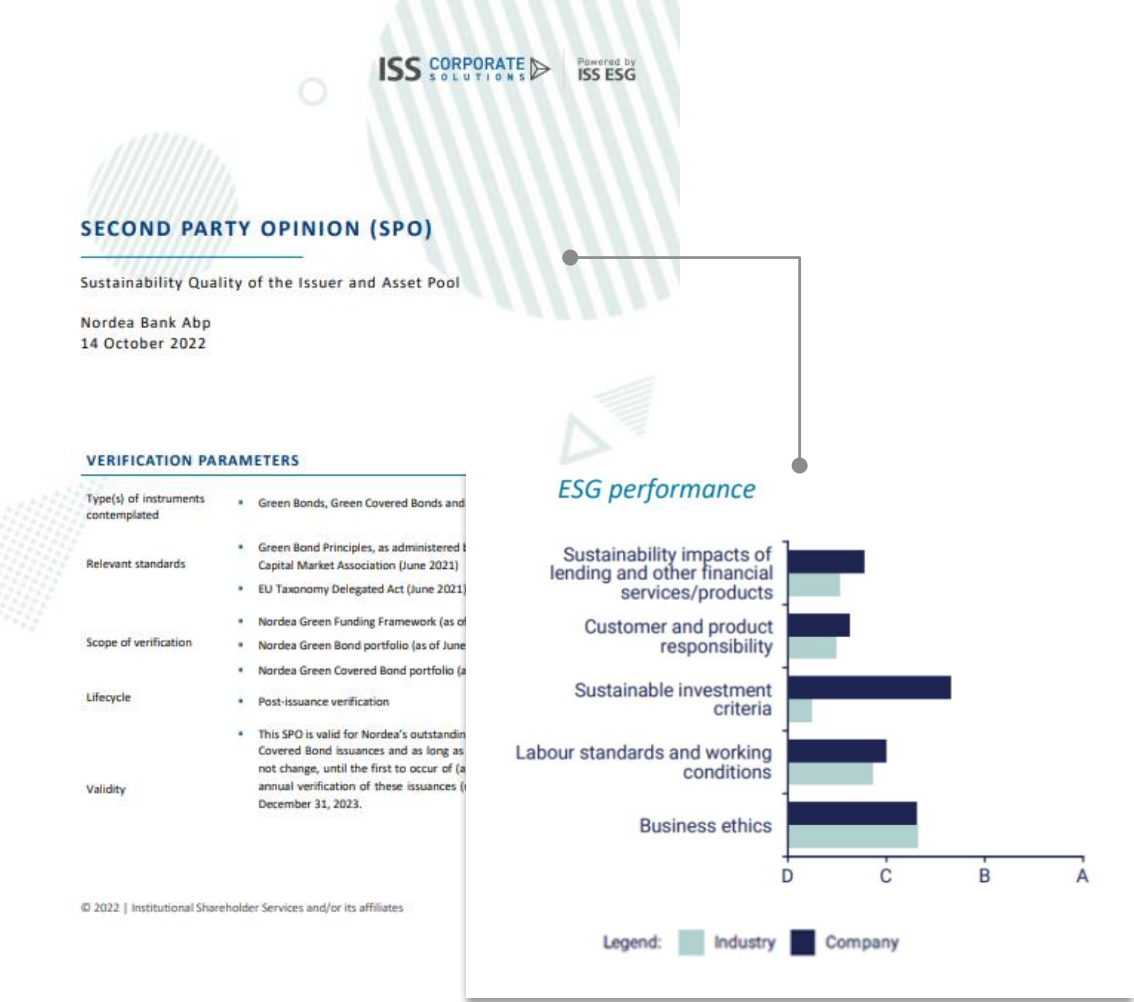
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Reporting and external review

Reporting and external review



External review – ISS ESG SPO update



Highlights from ISS ESG’s second party opinion

- The Use of Proceeds financed through the Green Bonds and Green Covered Bonds are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Green Bonds and Green Covered Bonds is clearly described by the issuer.
- The Use of Proceeds description provided for Green Bonds in Nordea’s Green Funding Framework is aligned with the ICMA Green Bond Principles. The issuer’s green categories align with the project categories as proposed by the ICMA Green Bond Principles, criteria are defined in a clear and transparent manner, and environmental benefits are described.
- The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the issuer

ISS ESG’s corporate rating

- Transparency Level: Very high
- Decile rank: 1
- According to ISS ESG Corporate Rating Nordea shows a high sustainability performance against the industry peer group on key ESG issues faced by the Commercial Banks & Capital Market sector. Nordea is rated 27th out of 300 companies within its sector.

Nordea Bank green bond report

Category	Subcategory	Impact measurement indicators	
Renewable energy	Wind, hydro and solar	Installed renewable energy production capacity (MW)	Estimation of avoided CO2e emissions compared to baseline
Energy efficiency	Smart grids, energy storage, district heating	Amount of energy saved (MW)	Estimation of avoided CO2e emissions
Green buildings	Green buildings	Amount of energy saved (MW)	Estimation of avoided CO2e emissions
Pollution prevention and control	Water and waste water management	Water withdrawals or treatment capacity (m3/day)	
	Waste-to-energy	Production capacity (MW)	
Clean transportation	Public transportation / freight transportation	Estimation of avoided CO2e emissions	
Sustainable management of living natural resources	Sustainable forestry and agriculture	Land area certified	

Green bond report content

- The amount of net proceeds allocated within each green bond asset category
- The remaining balance of net proceeds which has not yet been allocated to green bond assets
- Examples of green bond assets
- Information on environmental impacts of the green bond assets
- It is Nordea's intention to report these figures on an annual basis

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