

Nordea

Nordea Hypotek green asset portfolio



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 the core

Our long-term sustainability objectives supported by short-term targets

2050 long-term objective:



Become a
net-zero

emissions bank by 2050 at the latest

2030 mid-term objective:



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 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 top 200 emitters in NAM
portfolios to be aligned with
the Paris agreement or else
subject to active engagement
to become aligned



Double

the share of net-zero-
committed AUM



At least 40%

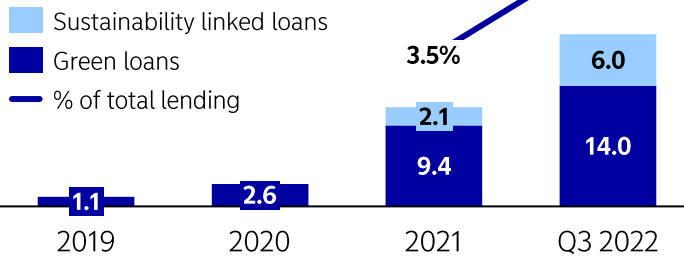
representation of each gender
at the top three leadership
levels combined

Actively engaging to drive transition and capture growth opportunities

Channelling capital towards sustainable solutions

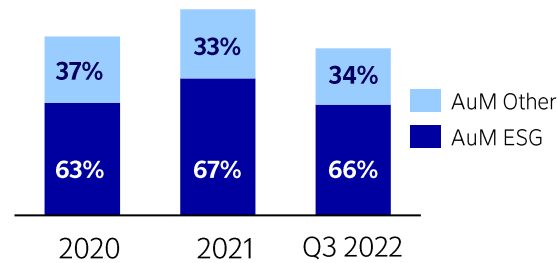
Green and sustainability linked loans

Total volumes, EURbn



Assets under management

Share of ESG AuM, %

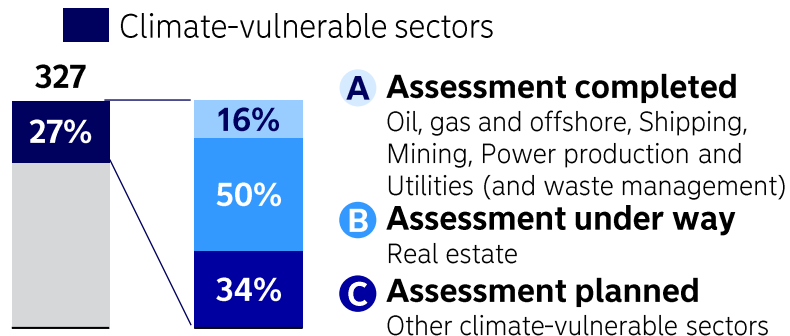


ESG AuM = article 8 and 9 funds (according to EU SFDR) in Nordea Asset Management

Engaging to support green transition

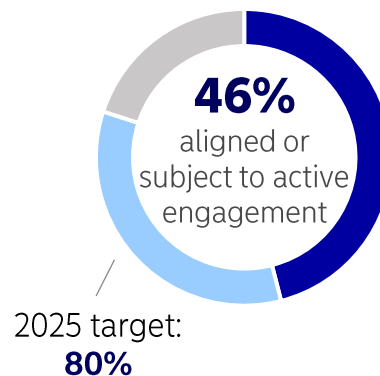
Climate-vulnerable exposure

Sector assessment (total lending, EURbn)



Alignment with Paris agreement for top 200 emitters

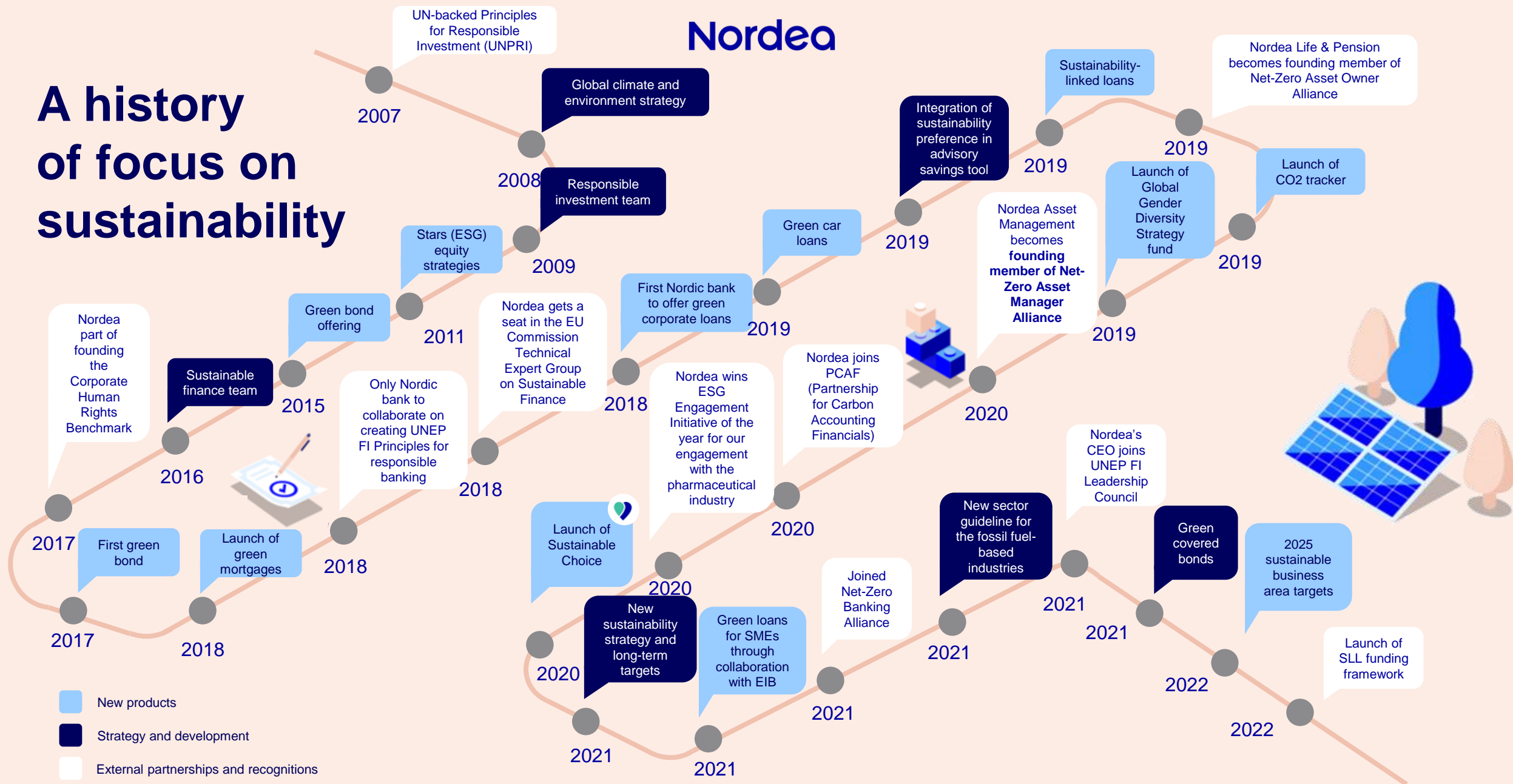
Q3 2022, Portfolios in Asset Management



- **By Q3 facilitated EUR 46.2bn in sustainable financing**
 - Compared to target EUR >200bn by 2025
- **Issued first ever sustainability-linked loan bond under the new framework**
 - SEK/NOK 4.1 billion senior preferred notes
- **Nordea scores A- in position green ESG 100 report**
 - Of the 100 largest listed on Nasdaq SE and DK, Nordea ranks among the top corporates
- **#1 ranking for Nordic sustainable bonds overall**
- **Sector assessment on power production and utilities completed**

A history of focus on sustainability

Nordea



Nordea

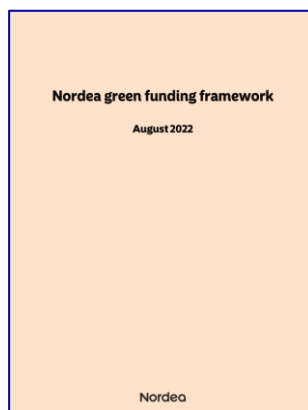
Nordea Bank and MCI green bond framework



Use of proceeds – Nordea MCIs

Highlights of the green funding framework

- Nordea's green funding framework is updated annually, most recently in August 2022
- Nordea adheres to the latest edition of the green bond principles*
- 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
- The main update in 2021 was the inclusion of green covered bonds considerations in the framework, which enables all Nordea MCI's to issue green covered bonds in addition to the issuance from Nordea Bank

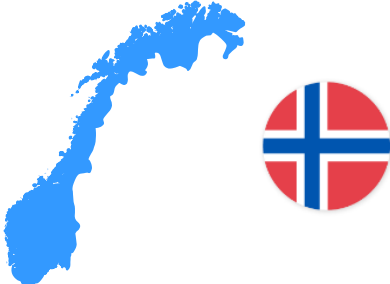
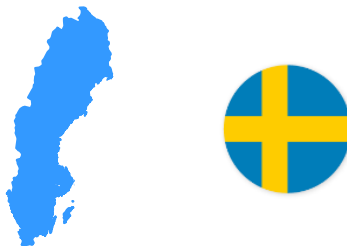




2022 green funding framework updates

- The green bond framework has an updated name and is now called the "Nordea green funding framework"
 - This is to reflect that we've included green deposits as source of funding for green assets in the framework
- In the 2022 update of the framework, an extensive language review was conducted and the language clarified and simplified
- Only minor changes were done to the green bond asset categories and subsequent criteria, these include
 - Inclusions of hydrogen production under renewable energy, criteria based on the EU Taxonomy technical screening criteria
 - Inclusion of hydrogen fuel cell vehicles under clean transportation
 - Minor specifications in other sub-categories
- Nordea aims at reviewing its green funding framework annually

Nordea covered bond operations

Q3 2022

| 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 21.3bn (eq.) | EUR 61.8bn (eq.) | Balance principle | Pool 1: EUR 22.9bn/ Pool 2: EUR 1.3bn |
| | Covered bonds outstanding* | EUR 11.8bn (eq.) | EUR 33.2bn (eq.) | EUR 61.1bn (eq.)* | Pool 1: EUR 20.7bn/ Pool 2: EUR 1bn |
| | OC* | 81% | 86% | 7.4%* | Pool 1: 11% / Pool 2: 28% |
| | 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 2019) | - |

- 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 (MCI's) are covered by Nordea's updated 2021 green bond framework

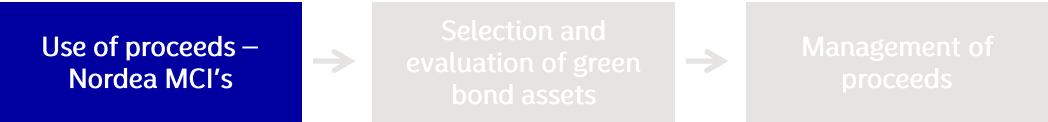


⁹ * The figures in Nordea Kredit only include capital centre 2 (SDRO). Nordea Kredit no longer reports for CC1 (RO), as this capital centre only accounts for a minor part (<1%) of the outstanding volume of loans and bonds

Use of proceeds – Nordea MCIs

Three eligible green bond mortgage 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 |

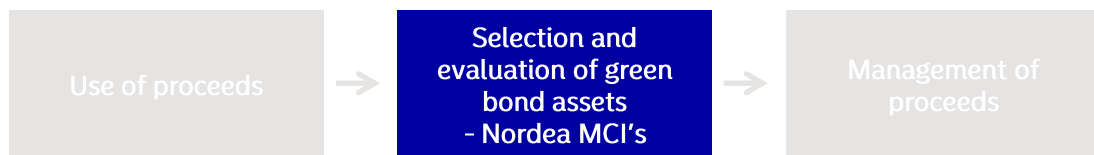


Use of proceeds – Nordea MCIs

- The net proceeds of the green covered bonds issued by either Nordea Kredit Realkreditaktieselskab, Nordea Mortgage Bank Plc, Nordea Eiendomskreditt AS or Nordea Hypotek AB (publ), 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 and evaluation of green mortgage assets – Nordea MCIs

Selection process

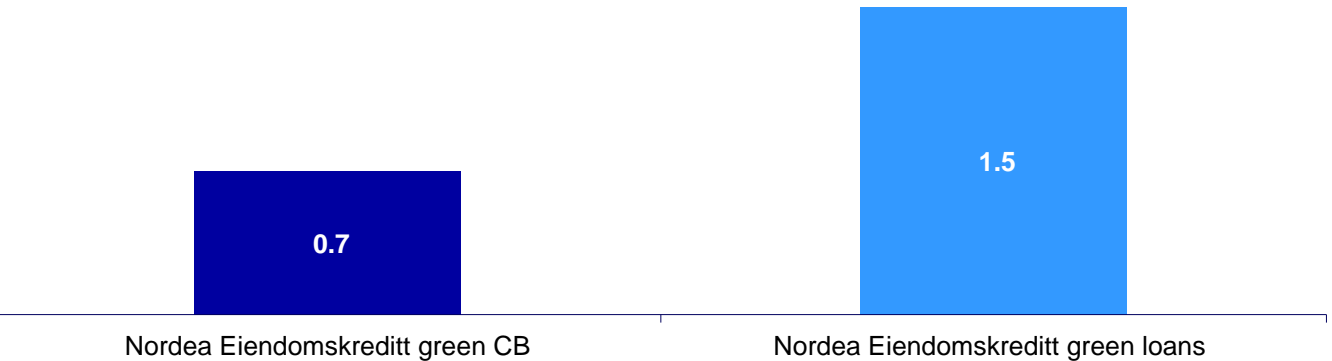


Selection and evaluation of green covered bond assets

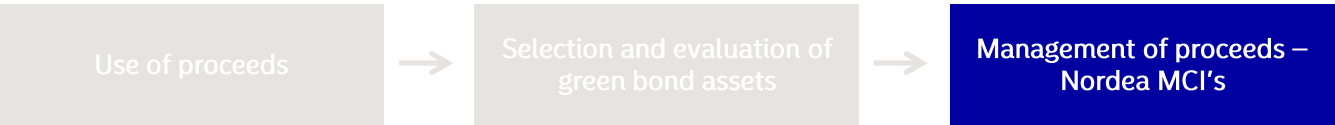
- The Nordea covered bond issuing entity will complete the specific process when selecting and evaluating financing within the green covered bond asset categories that qualify as green assets to be included in the green asset portfolios
- The green covered bond committee meets and reviews potential green 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

Management of proceeds – Nordea MCIs

Nordea Eiendomskreditt green loans and outstanding green bonds (EURbn)*



Nordea Kredit green loans and outstanding green bonds (EURbn)**



Management of proceeds

- 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

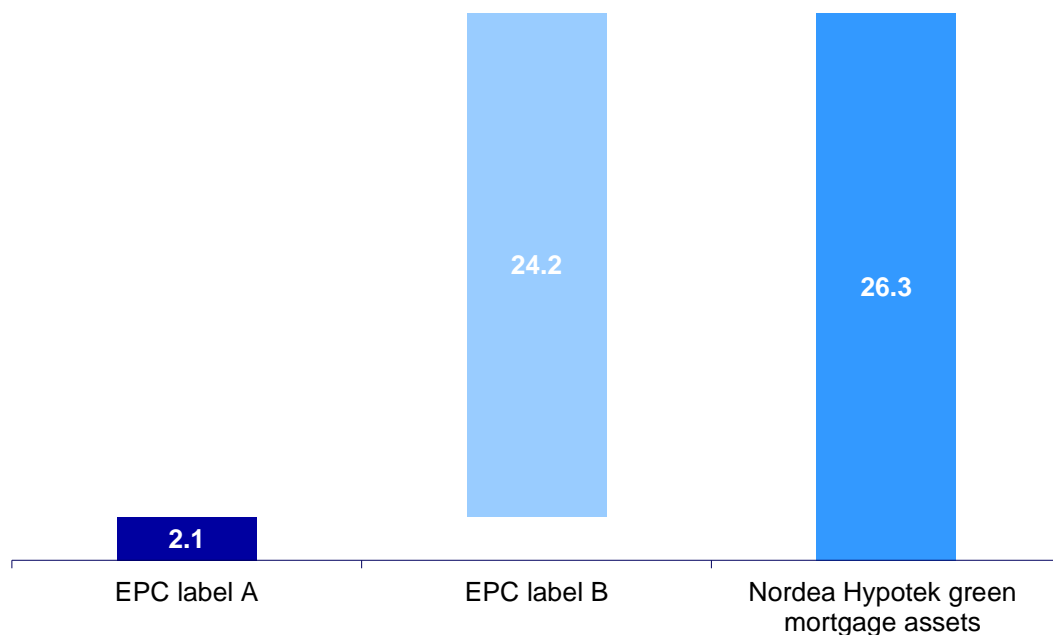
Nordea Hypotek green portfolio



Nordea Hypotek's green asset selection

Nordea Hypotek green assets currently only include buildings with EPC label A and B

Nordea Hypotek green mortgage assets (SEK 26.3bn)*



Sustainability strategy

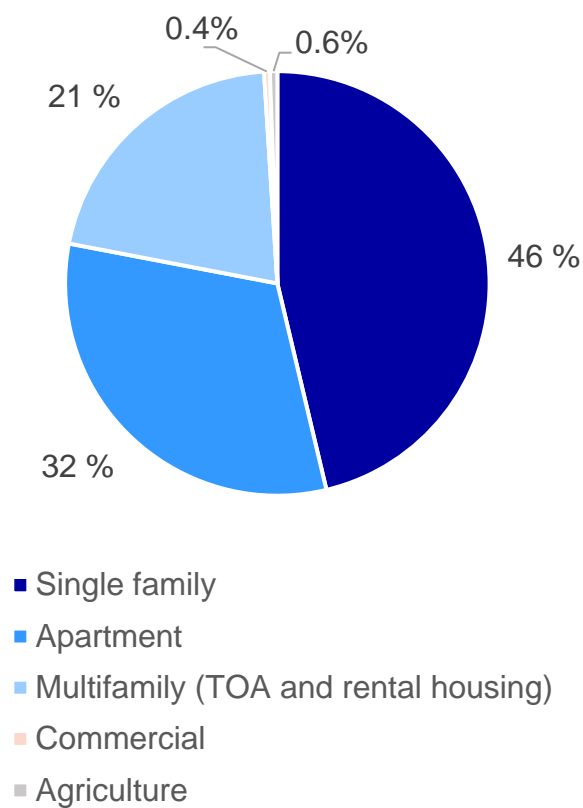
Sustainability is a core part of Nordea Hypotek's strategy with a target to significantly increase green lending & other ESG products over the coming years inline with Nordea group ESG targets and the 2025 business plan.

Nordea green household products

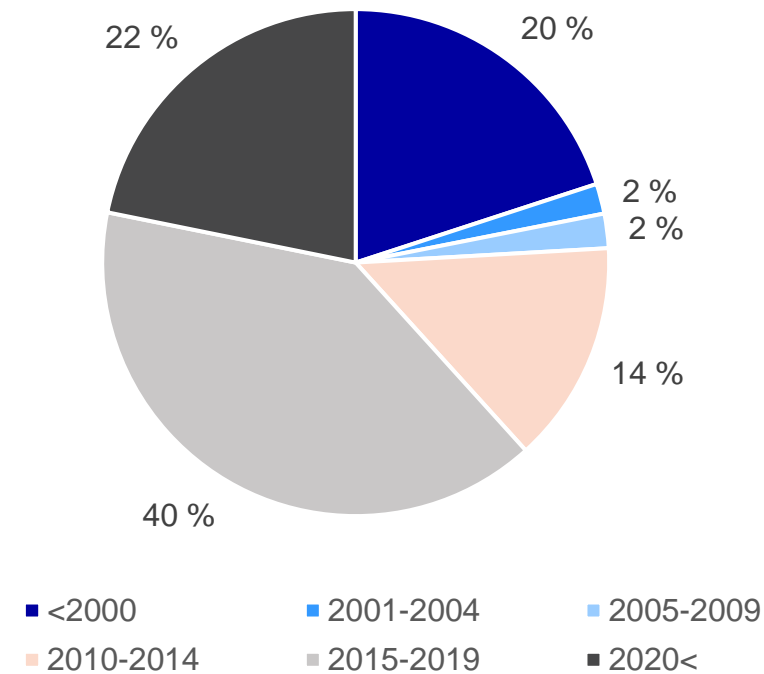
- Green mortgages
- Green car financing
- Sustainable choice investment products
- Co2 monitoring via app
- Energy efficiency loans

Nordea Hypotek green mortgage assets

Green mortgage assets – building type (SEK 26.3bn)



Green mortgage assets– building year (SEK 26.3bn)



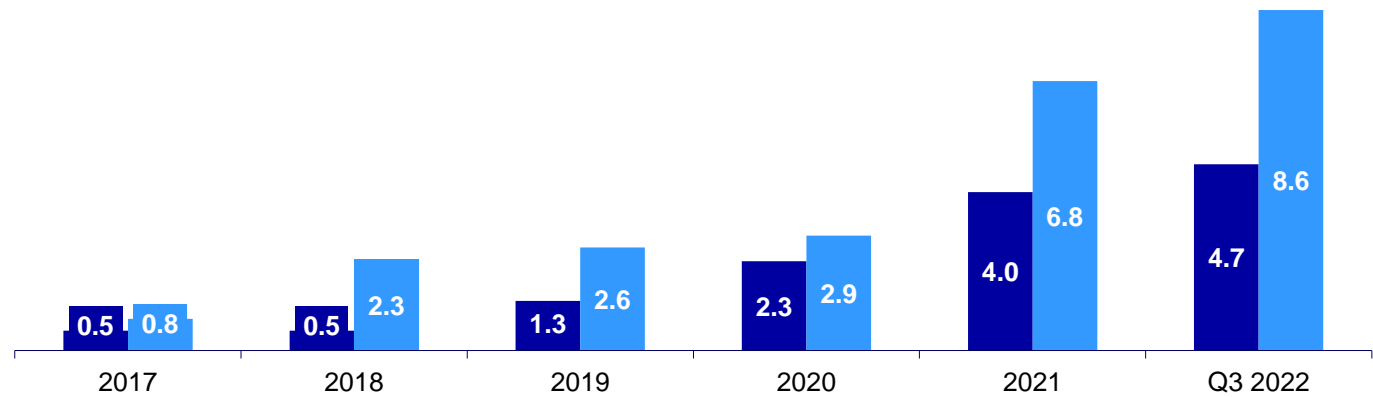
Nordea

Nordea green assets & issuance

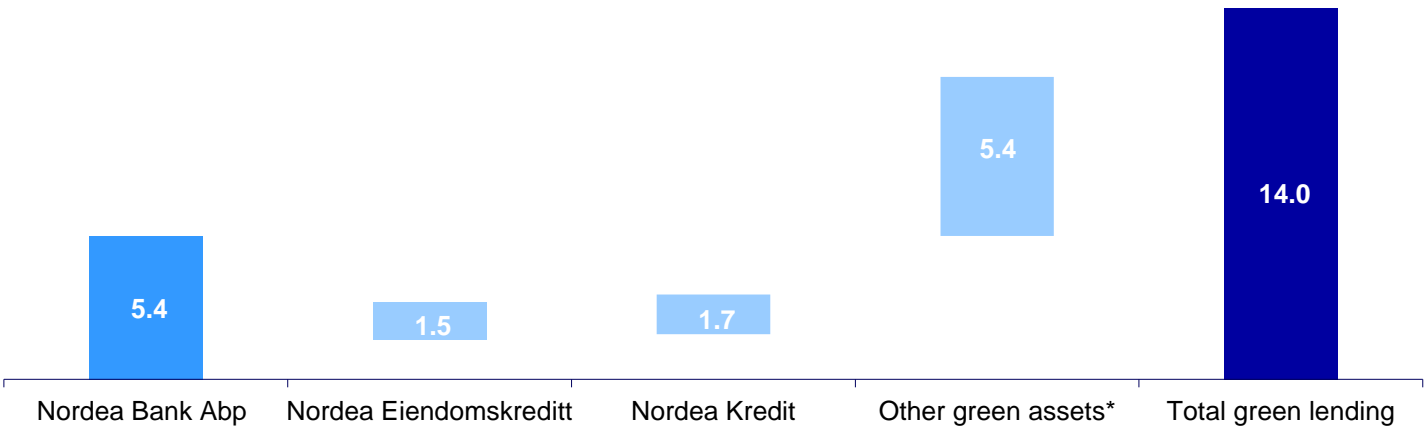


Nordea green lending - EUR 14bn

Nordea Group green issuance/ green asset portfolios, (EURbn)



Nordea Group green lending Q322, (EUR bn)



Nordea green lending

- Total green lending of EUR 14bn including Nordea MCI's
- Continued strong growth in the green asset portfolio

Nordea green issuance overview

EUR green bond issuance (Nordea Bank Abp)

February 2022

Nordea Bank Abp – EUR 1bn 5y Green Senior Non-Preferred

Nordea

EUR 1bn MS+60bp

“The issuer was able to exceed expectation both in terms of being one of the first-time mover to issue in the EUR FIG market post the rates turmoil”

March 2021

Nordea Bank Abp – EUR 500m 10y Green Senior Non-Preferred

Nordea

EUR 500bn MS+52bp

‘The final spread of MS+52 bps represents the tightest EUR SNP/Hold-Co issued in 2021, in addition to being the tightest 10yr SNP/Hold-Co spread to date in the EUR market’

May 2019

Nordea Bank Abp – EUR 750m 7y Green Senior Preferred

Nordea

EUR 750bn MS+18bp

‘There were more than 100 geographically diversified investors participating in the deal. More than 75% of the bonds were allocated to real money accounts’

June 2017

Nordea Bank Abp – Inaugural Green Bond EUR500m 5y Senior Unsecured

Nordea

EUR 500bn MS+18bp

‘The tightest spread for a EUR Bank Senior Green Bond to date, EUR1.3bn book and 100+ investors’

Green mortgage issuance (Nordea MCI's)

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

Nordea

Nordea ESG ratings



Externally validated sustainability commitment



ESG Rating: AA (AAA to CCC)



SUSTAINALYTICS

ESG Score: 21.7 (0 to 100)**



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

S&P Global

CSA score: 69 (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 Managers 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.

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

Reporting and external review



Reporting

Nordea Bank green bond report – impact reporting

| 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 | |

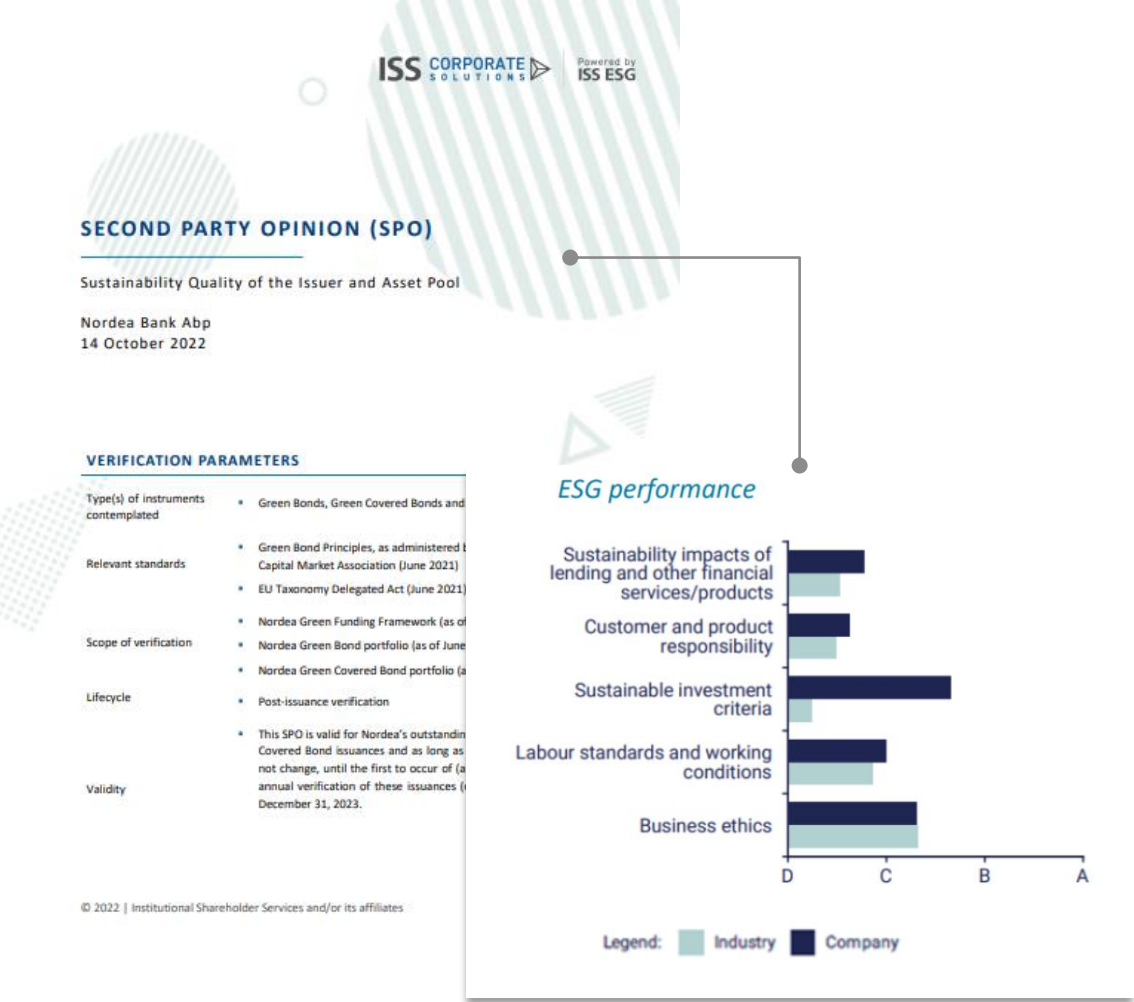
Green bond documents published on Nordea's website

- Nordea green funding framework (August 2022)
- ISS ESG second party opinion (October 2022)
- Nordea green bond report 2021

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

External review – ISS ESG SPO update



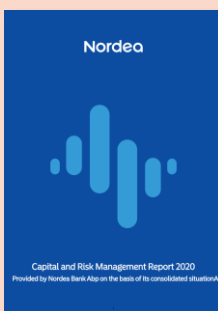
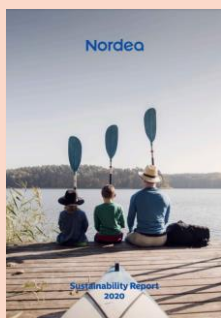
Highlights from ISS ESG’s second party opinion

- 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's regular reporting



You can find
all of these,
and
additional
resources on
nordea.com

Annual report

- Transaction volumes of sustainable financing
- Sustainability offerings
- Non-financial statement
- Conflict of interest policy

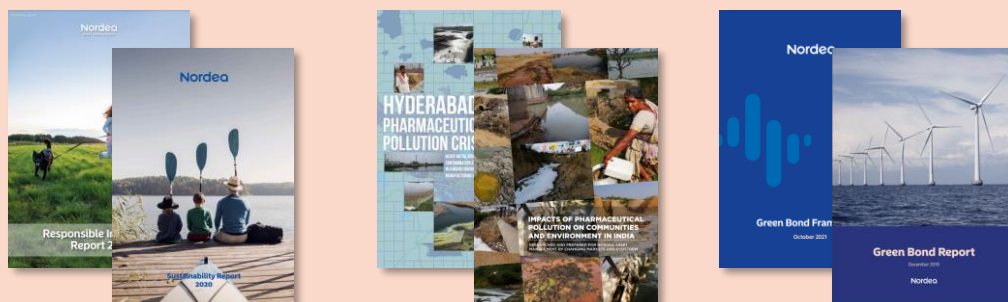
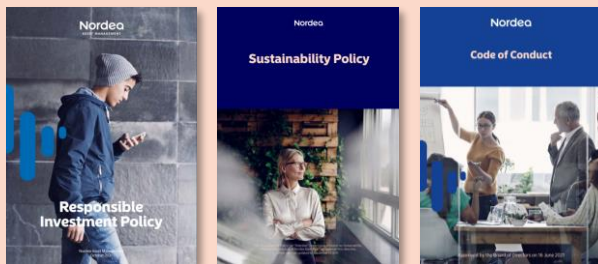
Sustainability report

- Nordea's sustainability commitments
- Climate action and climate risk assessments
- TCFD and GRI Index
- From 2022, the sustainability reporting is integrated into the annual report

Pillar 3 capital and risk management report

- Risk management, methodology and governance
- Regulatory developments
- Going forward, in line with new EBA regulations the report will further focus on ESG risk

Nordea's regular reporting



Policies

- Nordea's code of conduct
- Sustainability policy
- Responsible investment policy
- Nordea tax policy

Position statements and sector guidelines

- Position statement on climate change
- Position statement on tax
- Sector guidelines for agriculture, defence, forestry, fossil fuels, gambling, mining, real estate and shipping

Reports

- Sustainability report (annual report)
- Responsible investments report
- Green funding framework and green bond reports
- Thematic engagement reports

You can find all of these, and additional resources on nordea.com/sustainability

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