

Nordea

Nordea Mortgage Bank green 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.

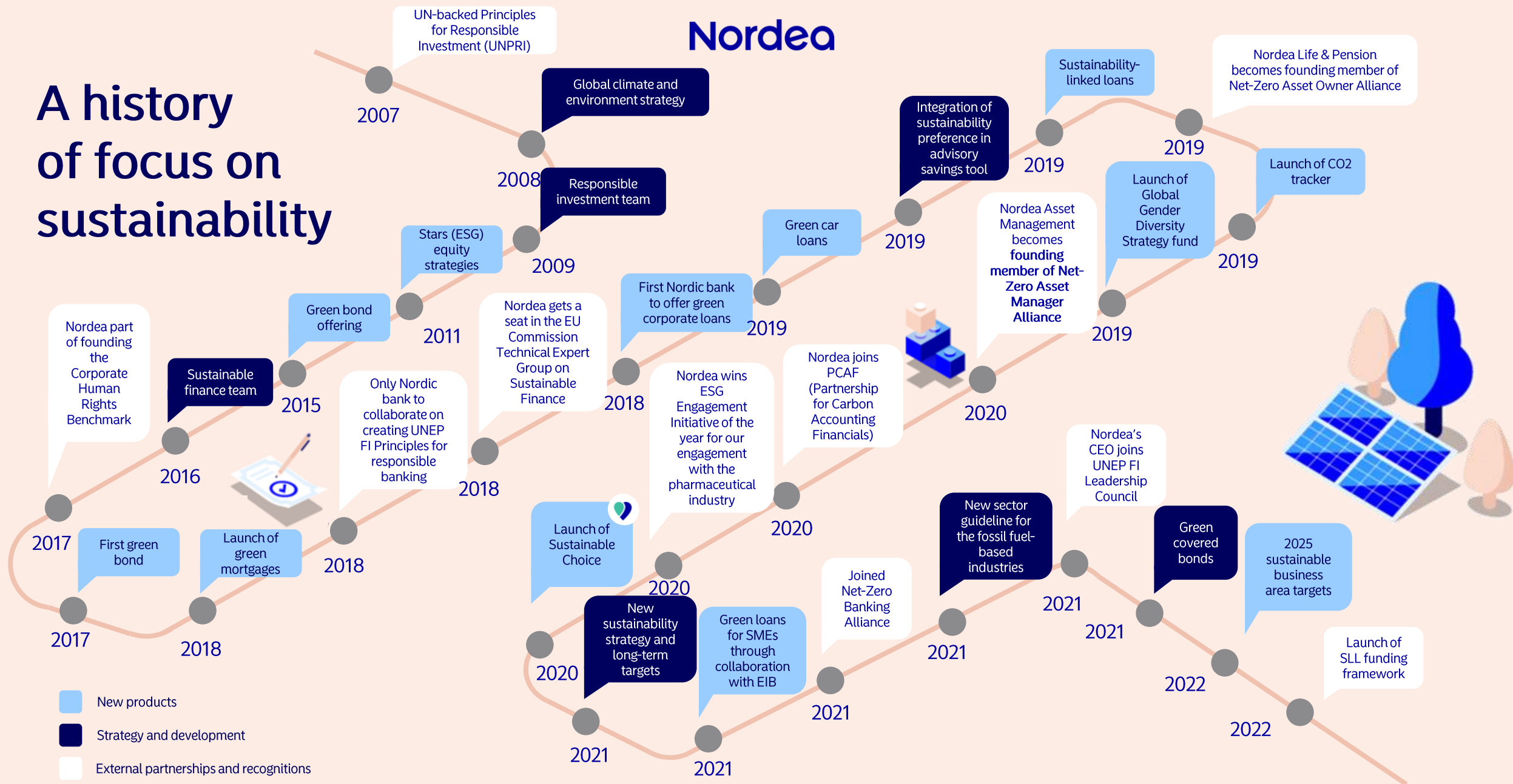
Nordea

Sustainability at Nordea



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

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%

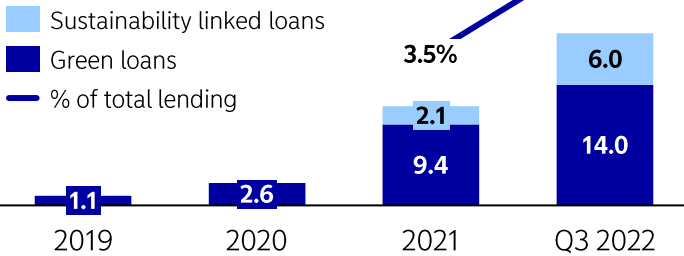
representation of each gender
at the top three leadership
levels combined

Actively engaging to drive transition and capture growth opportunities

Channelling capital towards sustainable solutions

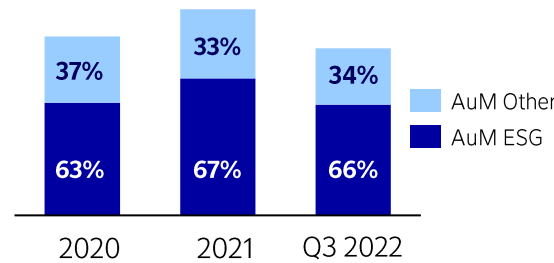
Green and sustainability linked loans

Total volumes, EURbn



Assets under management

Share of ESG AuM, %

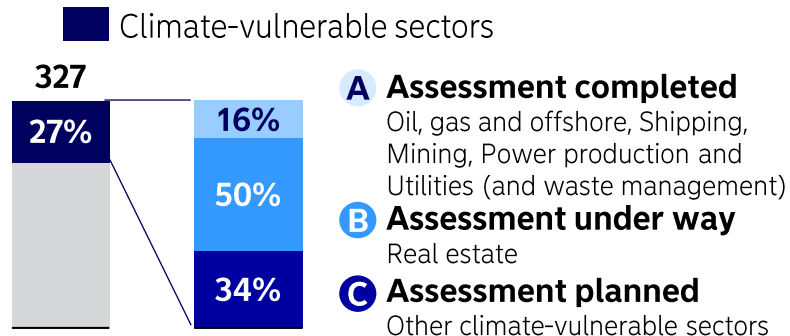


ESG AuM = article 8 and 9 funds (according to EU SFDR) in Nordea Asset Management

Engaging to support green transition

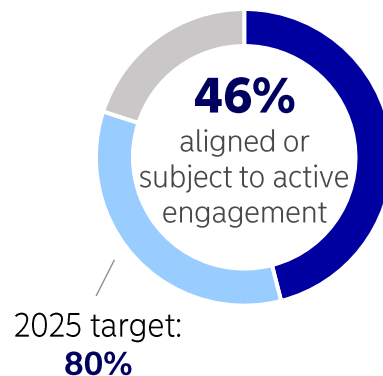
Climate-vulnerable exposure

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

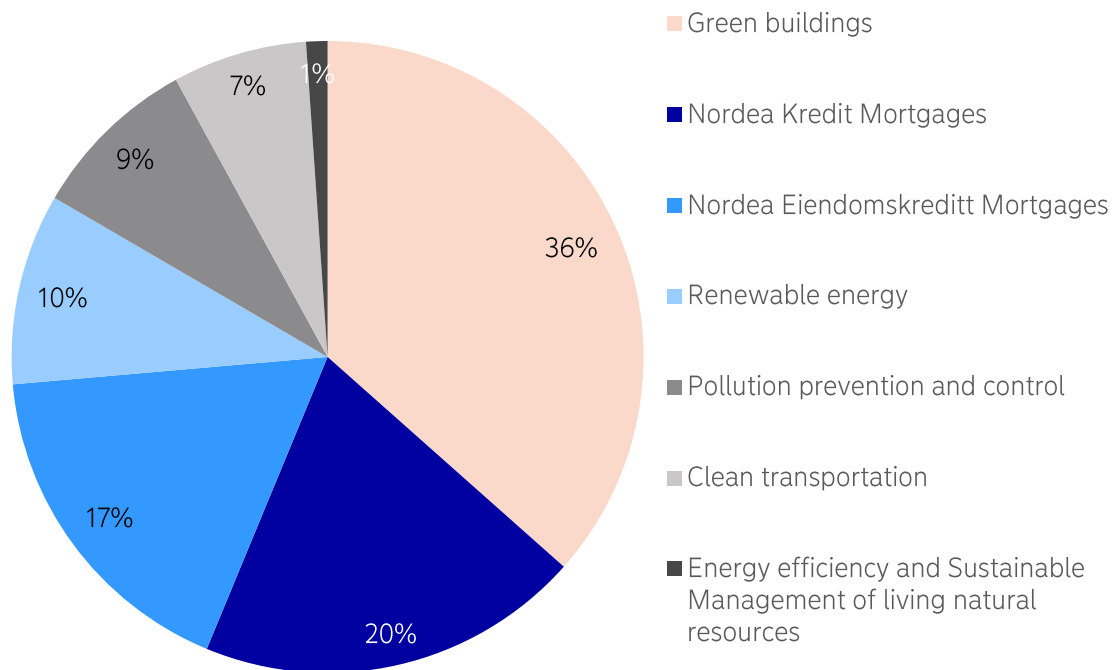
- **#1 ranking for Nordic sustainable bonds overall**

- **Sector assessment on power production and utilities completed**

Sustainability at the core

Enhanced focus on sustainable funding

Nordea's green bond asset portfolio



- **Green bond asset portfolios totalling EUR 8.6bn**
 - EUR 5.4bn from NBAbp
 - EUR 3.2bn from Nordea Kredit and Nordea Eiendomskreditt
- **Inaugural green bond from NBAbp issued in 2017**
 - EUR 2.25bn currently outstanding of green bonds from NBAbp
- **Inaugural green covered bond issued in 2019**
 - EUR 2.4bn outstanding of green covered bonds
- **Green deposits offered in Norway**
- **Inaugural bond under sustainability linked loan (SLL) funding framework issued in Q3**
 - SEK 2.8bn and NOK 1.3bn senior preferred



ISS ESG

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



ESG score:
21.7 (0 to 100)**



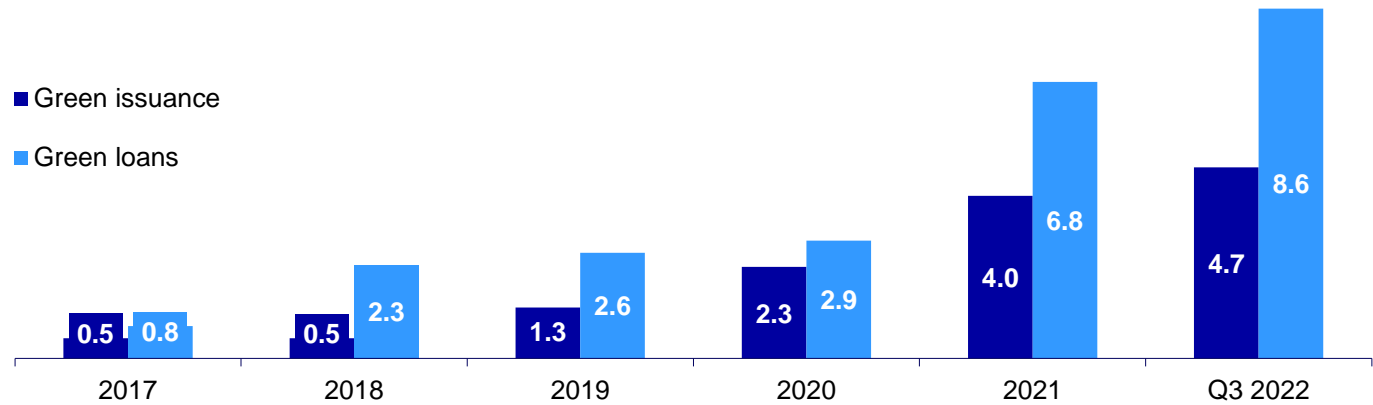
ESG rating:
AA (AAA to CCC)



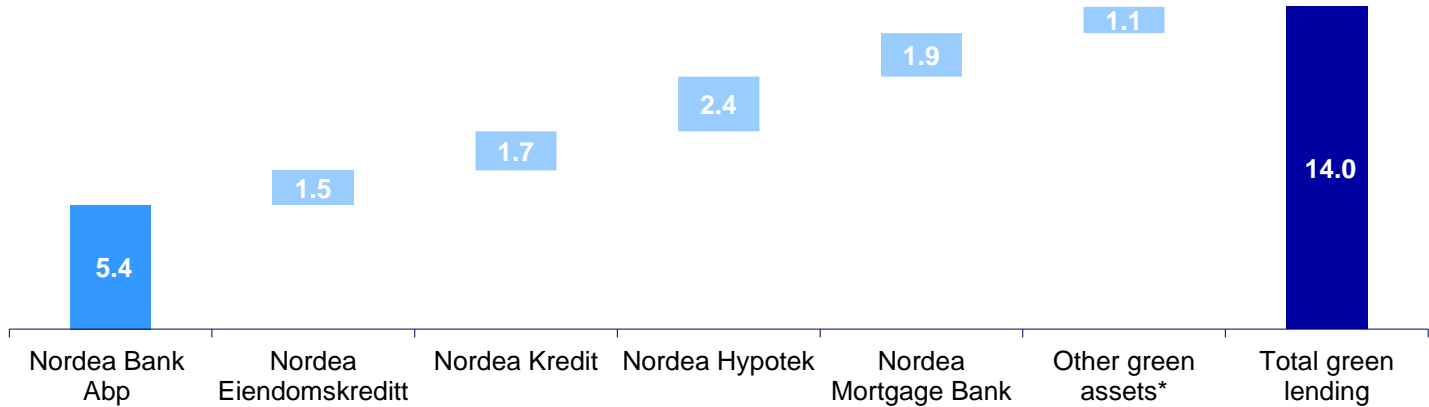
CSA score:
69 (0 to 100)***

Nordea green lending - EUR 14bn

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



Nordea Group green lending Q322, (EUR bn)



Nordea green lending

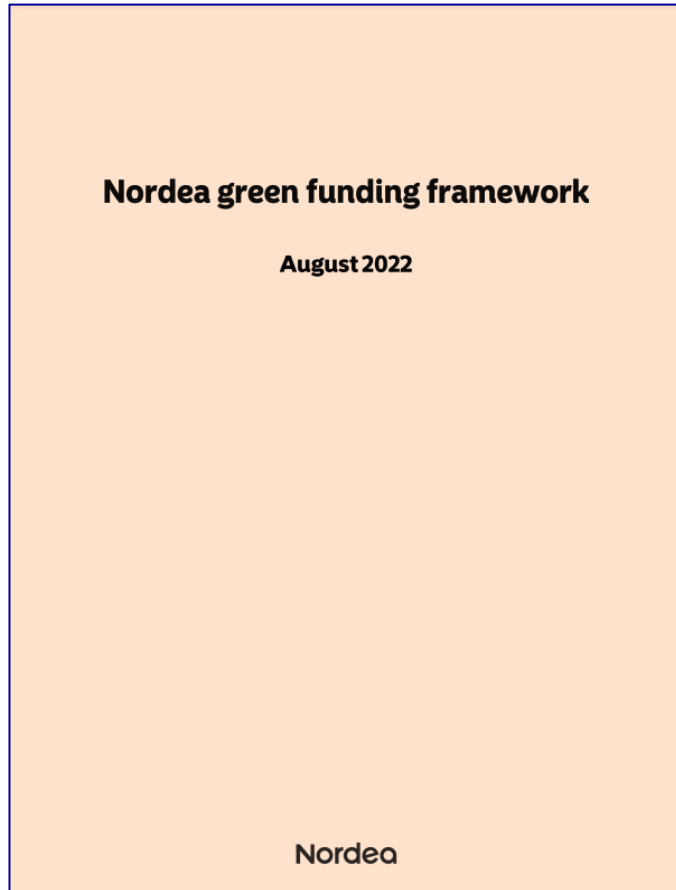
- Total green lending of EUR 14bn including Nordea MCI's
- Continued strong growth in green assets

Nordea

Green funding framework



Green funding framework



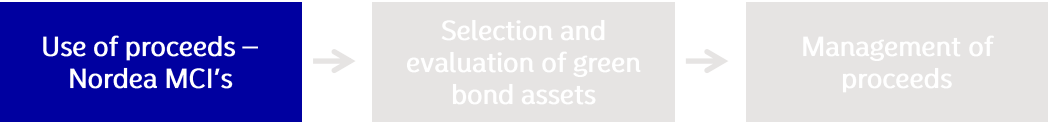
Green funding framework

- 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)
- All Nordea Mortgage Credit Institutions (MCIs) included in the framework, which enables all Nordea MCIs to issue green covered bonds in addition to the issuance from Nordea Bank
- Nordea's green covered bond assets are defined in accordance with the EU Taxonomy technical screening criteria (TSC) for real estate as applicable

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

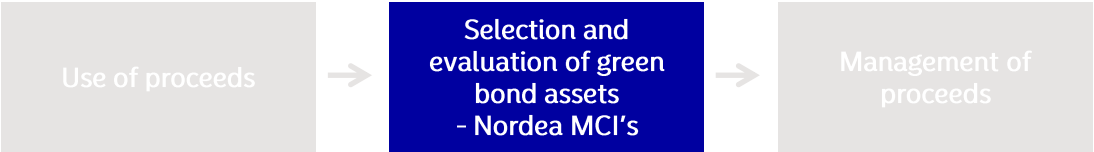


Use of proceeds – Nordea MCIs

- 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 covered bond assets – Nordea MCI's

Selection process

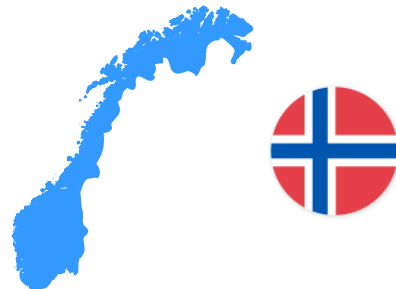
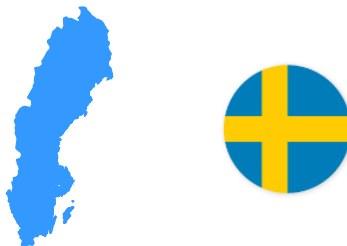




Selection and evaluation of green covered bond assets

- 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

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)	-

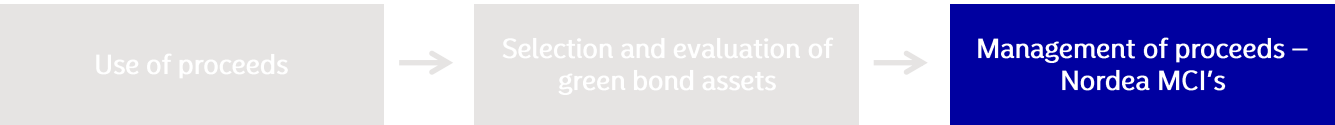
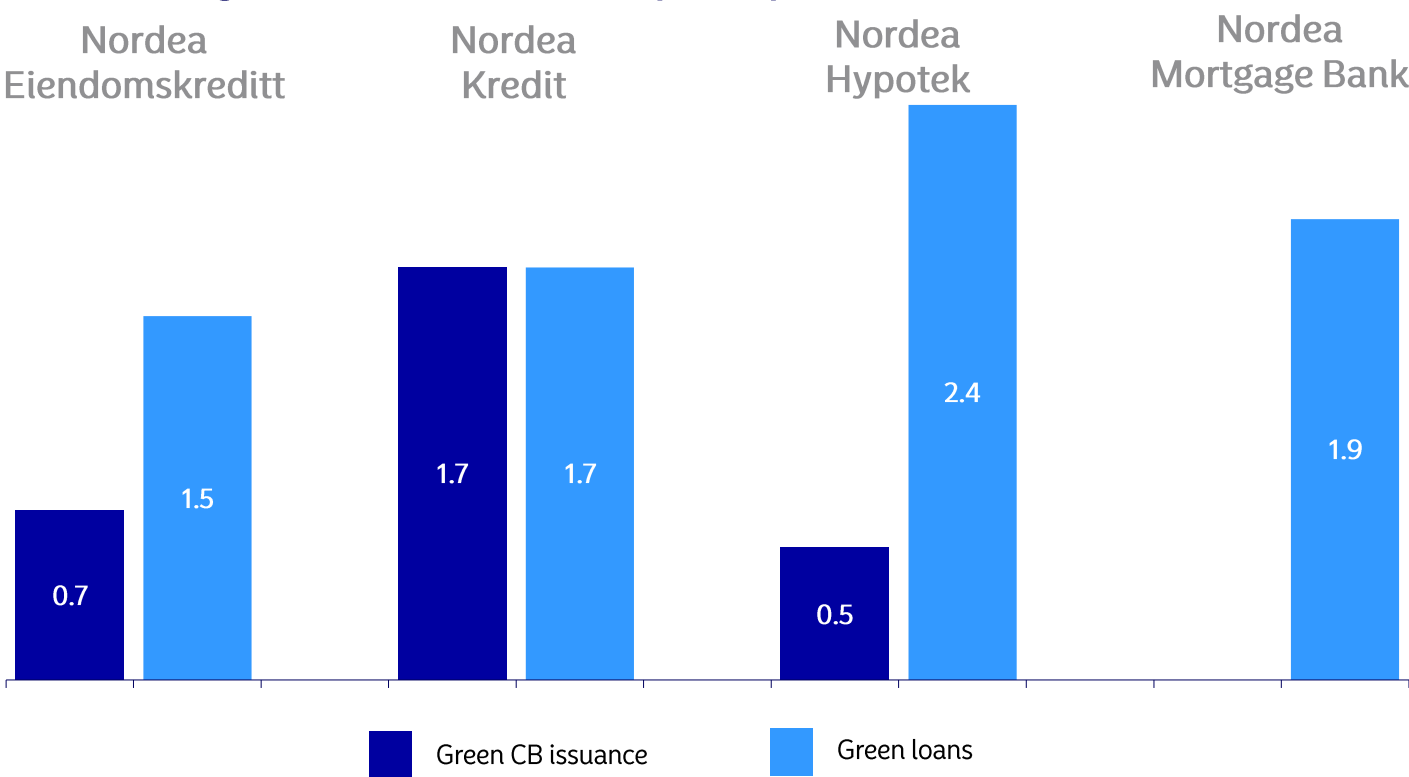
- Covered bonds are an integral part of Nordea's long term funding operations
- Issuance in Scandinavian and international currencies
- All Nordea covered bond issuance entities (MCI's) are covered by Nordea's updated 2021 green bond framework



¹³ * 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

Management of proceeds – Nordea MCIs

Nordea MCI green loans and issuance (EURm)*



Management of proceeds

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

* As per Q3 2022
** Nordea Kredit operate matched funding principle
*** Q4 2022 issuance

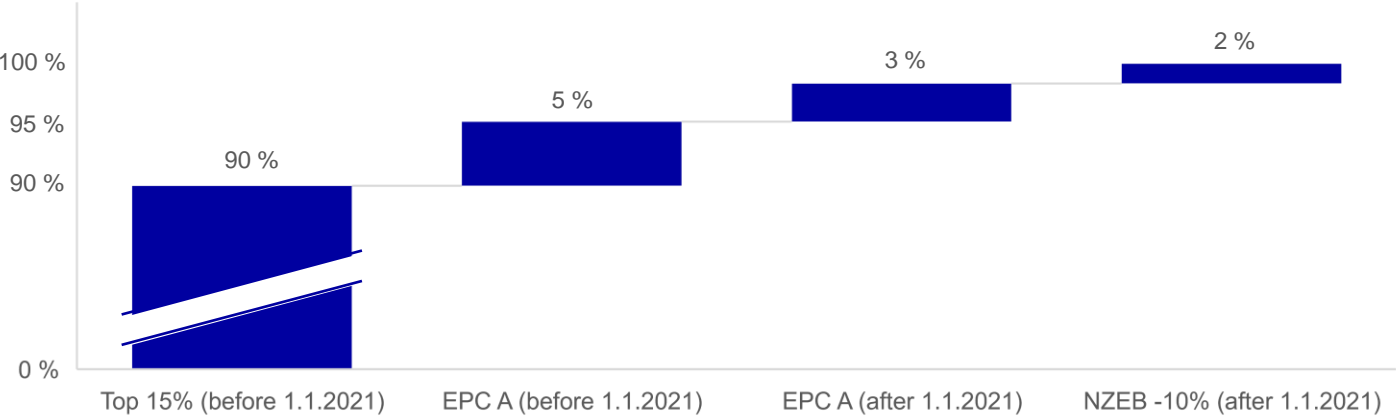
Nordea

Nordea Mortgage Bank green asset overview

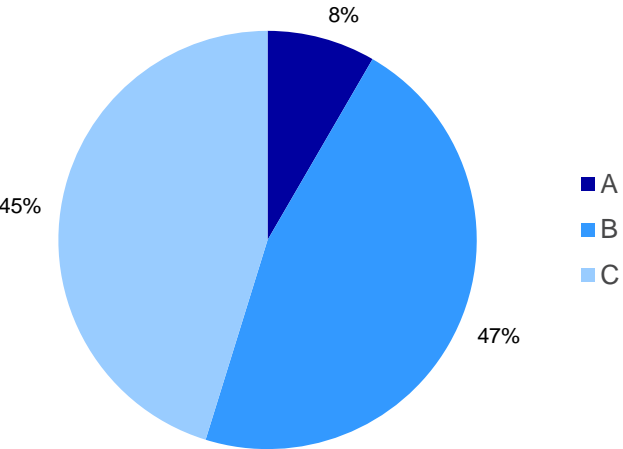


Nordea Mortgage Bank green asset distribution

Green asset composition based on EU Taxonomy criteria (EUR 1.9bn)



Green asset distribution based on EPC

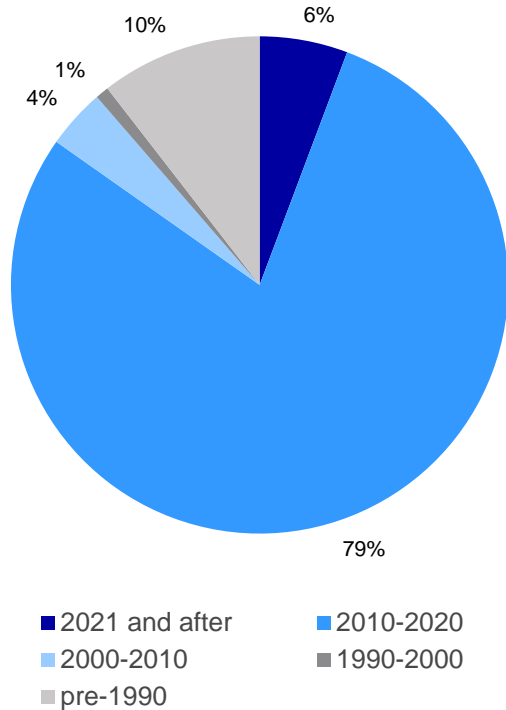


Green asset identification

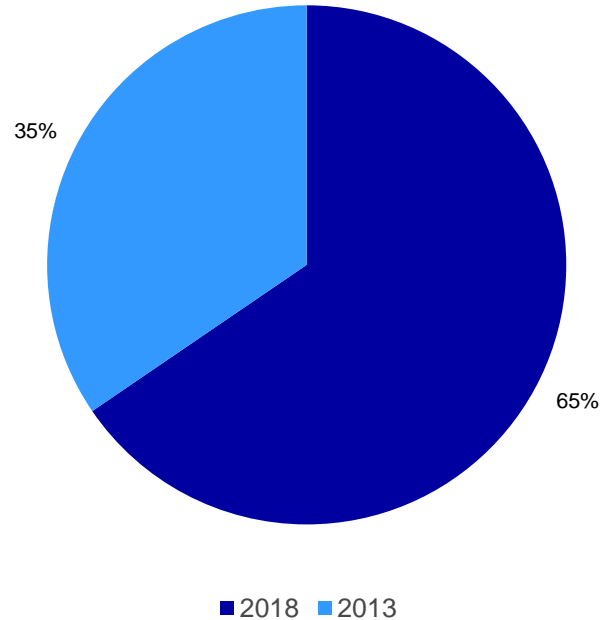
- Nordea Mortgage Bank (NMB) green loans are currently EUR 1.9bn corresponding to 6% of total NMB loans
- The green covered bond assets are aligned with EU Taxonomy's technical screening criteria
- Assets are identified based on energy consumption data in the energy performance certificate (EPC)
- NMB has identified top 15% thresholds in terms of energy consumption per building separately for two EPC versions in Finland (2018 and 2013 versions)
- The methodology for top 15% energy consumption thresholds (kWh/sqm) is aligned with a recent report published by Rakli (national association of professional property owners) and Granlund (consulting)

Building year composition and EPC distribution

Building year distribution



EPC distribution



Green assets

- In Finland, only EPC labels for multi-family houses are publicly available
 - All identified green assets at this stage are multi-family houses/apartments
- Increased volume of green loans expected in 2023 as we anticipate to be able to map also single-family houses against EPC criteria
- Majority of the identified green loans have been built between 2010 and 2020
- National EPC template has been updated in 2018, and adopted for broader use mainly in 2019-2020
- EPC versions can be converted from 2013 to 2018, but we have decided not to in order to reduce uncertainties in conversions

Reporting and external review



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	

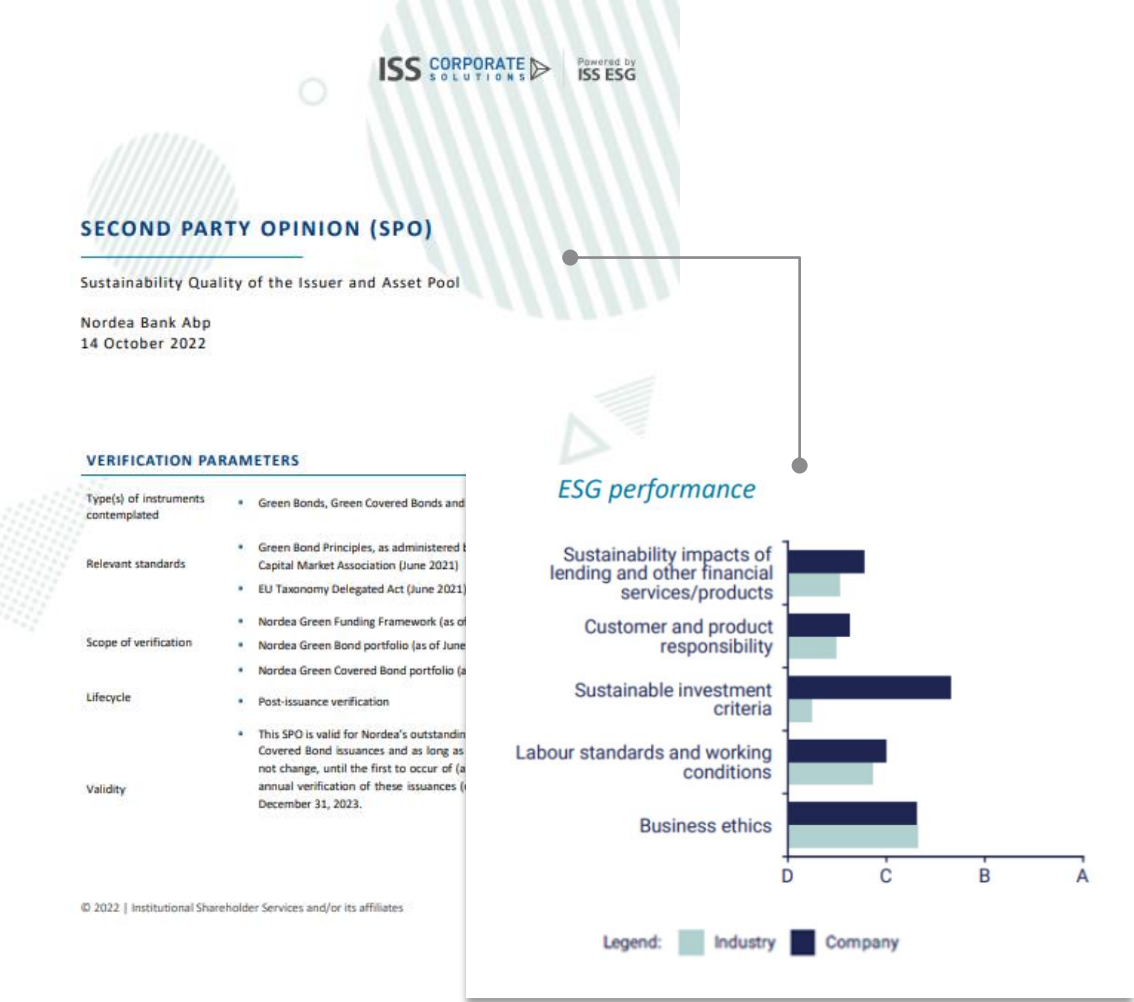
Green bond documents published on Nordea's website

- 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



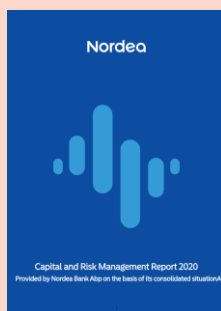
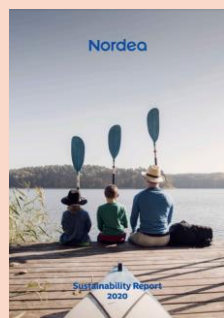
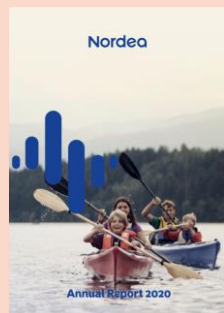
Highlights from ISS ESG's second party opinion

- 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

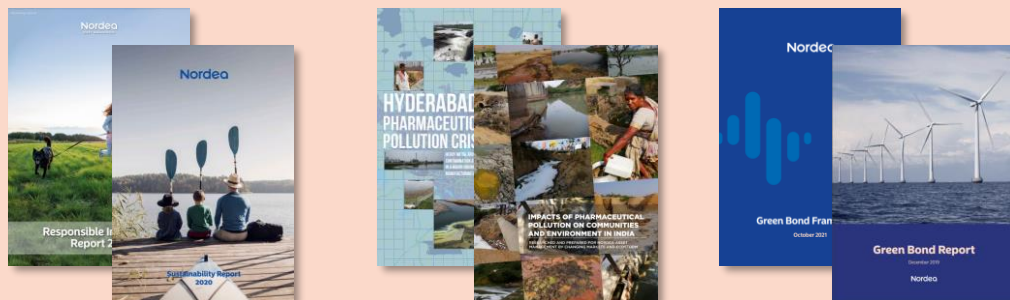
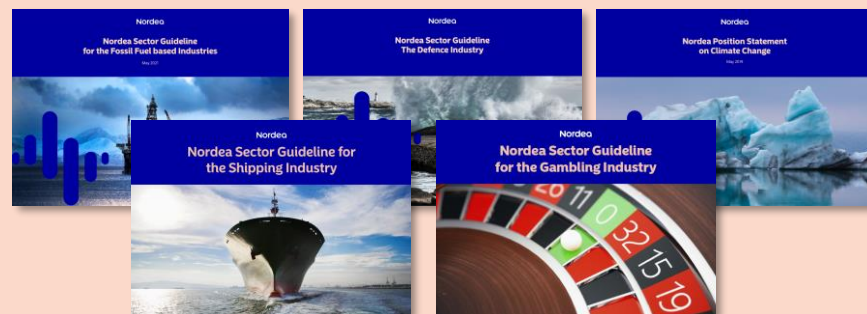
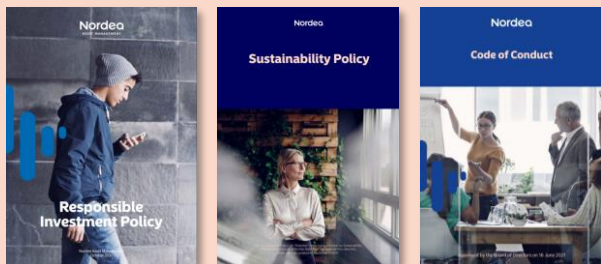
Sustainability report

- 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

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[nordea.com/
sustainability](https://nordea.com/sustainability)

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