

Nordea

# Sustainable Funding Report 2022

May 2023



# Contents

Executive summary.....	3
Summary: Impact of allocated proceeds from Nordea Bank Abp .....	4
Sustainability at Nordea.....	5
Transitioning to a sustainable future .....	5
Development of the Green Funding Framework in 2022 .....	6
Development of the green bond asset portfolio in Nordea Bank Abp.....	7
Impact of the green bond asset portfolio .....	9
Outstanding green bonds from Nordea Bank Abp as of year end 2022 .....	10
Nordea Green funding framework.....	11
Eligible activities, green bond asset categories .....	11
Green covered bond asset categories .....	13
Process for project evaluation and selection.....	13
Nordea green bond asset categories and EU taxonomy alignment .....	14
Sustainability-Linked Loan Funding Framework.....	16
KPI criteria for Nordea SLL Funding .....	16
Impact from Nordea mortgage credit institutions .....	17
Nordea Kredit Realkreditaktieselskab .....	17
Nordea Eiendomskreditt AS.....	18
Nordea Mortgage Bank Plc .....	19
Nordea Hypotek AB.....	19
Methodology notes.....	20
Contacts.....	21

## Executive summary

Our sustainable banking strategy is aligned with the goals of the Paris Agreement and rests on four strategic pillars: financial strength, climate action, social responsibility, and governance and culture. The pillars draw on the United Nations' Sustainable Development Goals.

During 2022 we facilitated EUR 58bn in sustainable financing, putting us on track to reach our 2025 objective. Demand remains strong, even in the face of challenging market conditions and slowdown in specific sectors. We maintained our number one position in the Nordic market as the leading provider of sustainable finance and facilitated 94 green bond transactions and 118 sustainability-linked loans (SLLs) in 2022. We are proud to have won Global Finance's 2022 Sustainable Finance Awards in the Nordics.

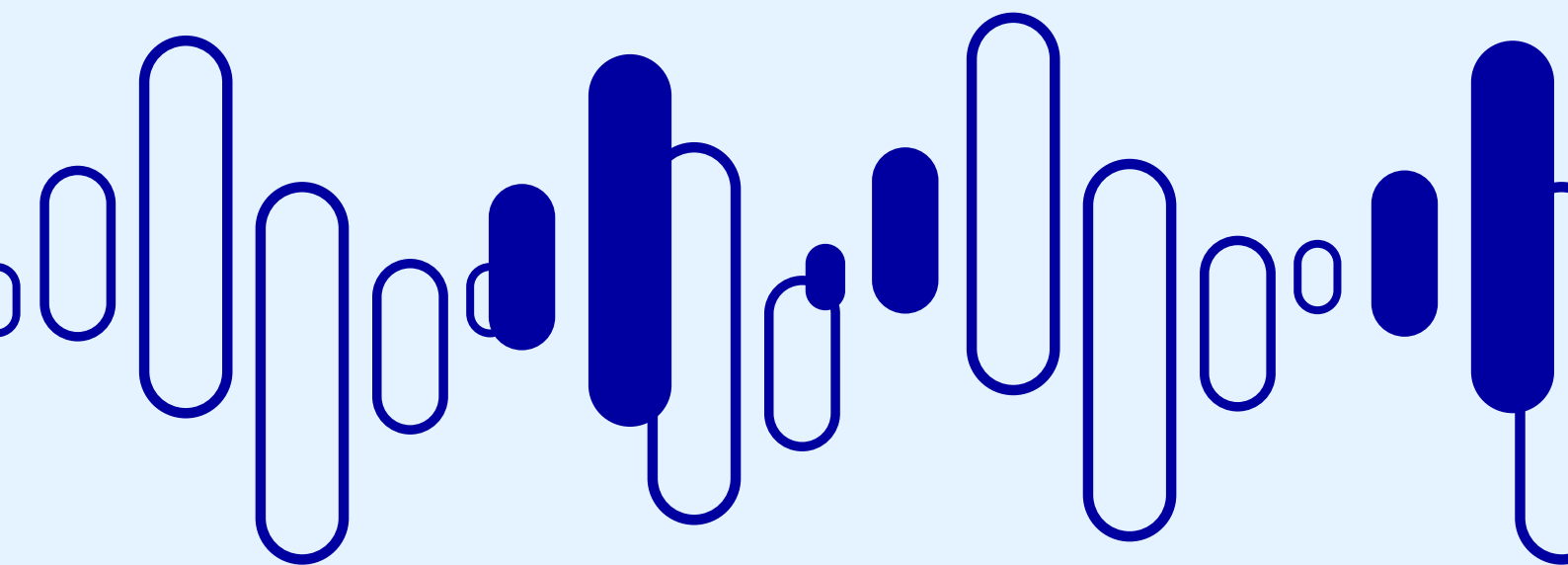
Throughout 2022 we continued to invest in our sustainable finance platform, develop our advisory capabilities and enhance our internal processes and tools to improve our offerings to customers. In the second quarter we launched our new SLL Funding Framework, and in the third quarter we issued our first SLL bonds in NOK and SEK equivalent to EUR 0.4bn. The new framework allows investors to support Nordea's SLL financing activities that address climate change. The SLL funding asset portfolio consists of externally verified drawn SLLs and amounted to EUR 0.7bn at the end of the third quarter.

Our investments in our platform and capabilities were also reflected in our green bond operations. We grew our green bond asset portfolio by 45% to EUR 5.43bn, year

on year, as confirmed by the latest second party opinion (SPO). We issued one green bond from Nordea Bank Abp, and achieved a Nordic full house of green covered bonds, with issuances from both Nordea Hypotek AB and Nordea Mortgage Bank in addition to our already outstanding green covered bonds from Nordea Eiendomskreditt and Nordea Kredit.

For impact reporting purposes, we continued to refine our data gathering and impact calculation methodology over the course of the year. To the extent possible, we base our impact calculations on actual figures reported by our clients. Where estimations are made, we have increased the precision of assumptions utilised for calculations where available. You can read more in the methodology section of this report.

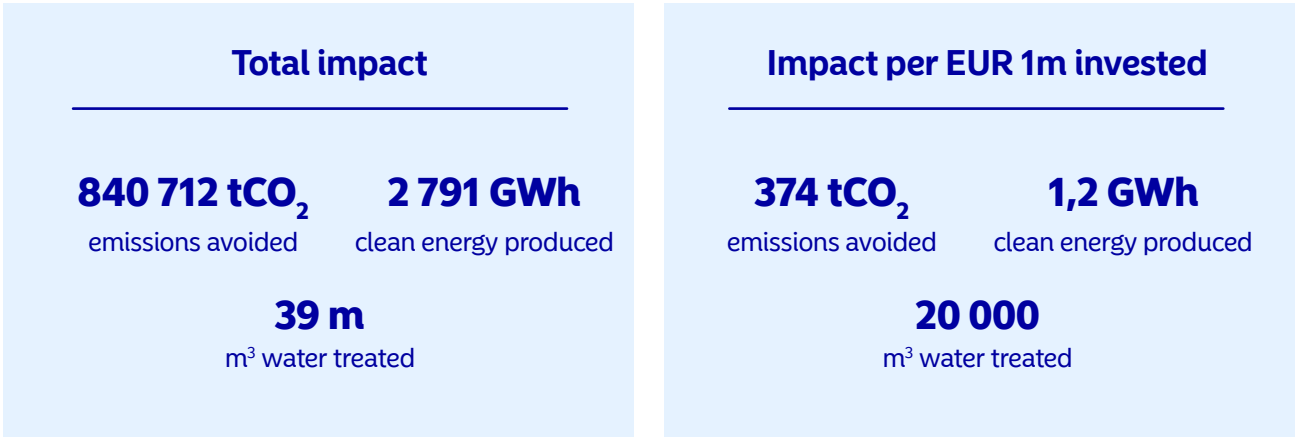
This report covers all the green and sustainability-linked funding bond operations of Nordea Bank Abp and its mortgage subsidiaries. The asset portfolios and impacts are presented at the asset portfolio level, separately for Nordea Bank and for each Mortgage Credit Institution (MCI) with outstanding green covered bonds, respectively. Our report and impact calculations are based on the latest externally verified green bond asset portfolio figures, as presented by the publicly available SPO. The report covers the calendar year 2022.





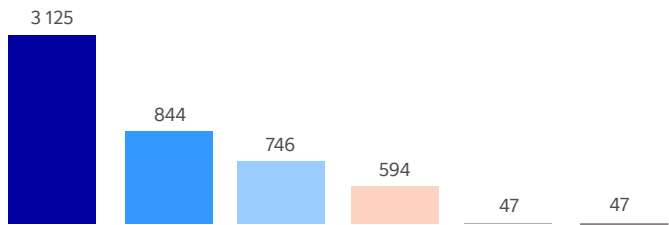
SUMMARY:

# Impact of allocated proceeds from Nordea Bank Abp

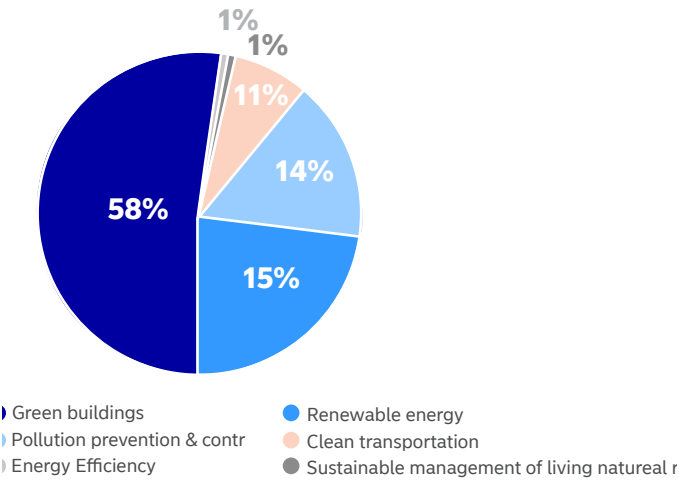


## Green bond asset portfolio

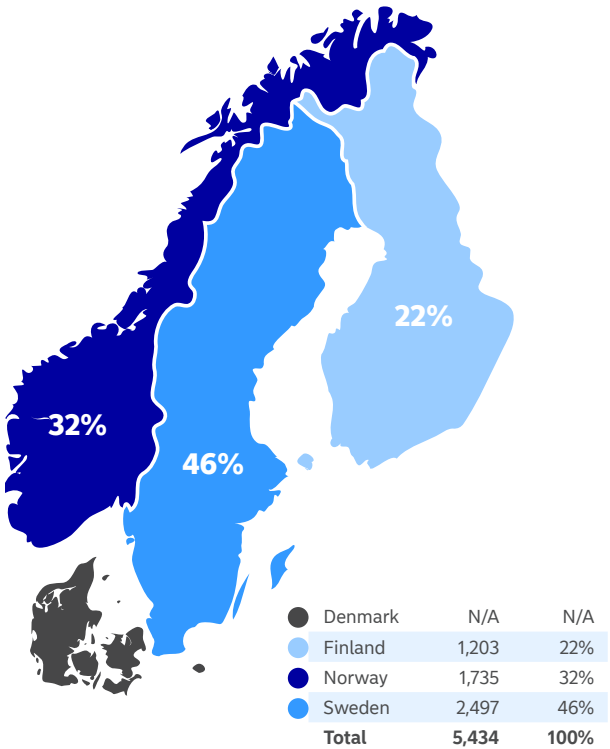
Green bond asset portfolio, EUR



Asset categories split



Country split of Green bond asset portfolio, EURm



## Sustainability at Nordea

# Transitioning to a sustainable future

Decarbonisation will create one of the greatest opportunities of our century if managed responsibly. For Nordea, sustainability means inspiring and enabling our customers to make sustainable choices. It also means contributing to societal goals through financing, investments and our internal operations. At Nordea, we have a long-term perspective and believe that companies with sustainable business models carry lower financial and reputational risk.

We have made sustainability an integrated part of our business strategy and introduced measurable medium and long-term objectives and 2023–2025 targets to help drive a greener and more sustainable future. The objectives and targets were approved by the Group Leadership Team and the Board in 2020.

Our work rests on four strategic pillars: financial strength, climate action, social responsibility, and governance and culture. For each pillar, we have identified the relevant United Nations' Sustainable Development Goals and sustainability topics that impact us or that we can have a significant impact on – by reducing the negative

impact or increasing the positive impact of our financing and investment activities and internal operations.

Supporting our customers' sustainable transition is central to our strategy. We engage with our customers to understand their challenges and opportunities and provide the right sustainable financing solutions and advice. Our leading sustainable finance franchise allows us to offer capital markets financing such as green, social, sustainable and sustainability-linked bonds and loans. These offerings allow us to connect our financing to our customers' ESG objectives and align with relevant sustainable financing criteria. We believe that sustainable bond financing creates transparency regarding the funds allocated to climate change mitigation and other environmentally beneficial uses. This in turn creates a positive benchmark for all investments.

To become a net-zero emissions bank by 2050 at the latest, we are supporting our customers and portfolio companies in reducing their climate impact while reducing our own.

## Our sustainability targets

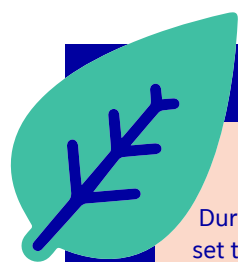
Achieve  
**net-zero emissions**  
by the end of  
**2050**  
at the latest

**2030**  
mid-term  
objectives

**2023-2025**  
targets

Reduce carbon  
emissions across  
our lending  
and investment  
portfolios by

**40-50%**  
by the end of  
**2030**  
compared with  
2019.



During 2022 we set the following 2023–2025 targets to achieve

**net-zero emissions**

by the end of 2050 and

**reduce carbon emissions**

across our lending and investment portfolios by 40–50% by the end of 2030:

- ensure that 90% of our exposure to large corporate customers in climate-vulnerable sectors is covered by transition plans by the end of 2025
- by 2025 ensure that 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 to become aligned
- double the share of net-zero-committed assets under management (AuM) by 2025
- reduce the carbon footprint from Nordea Life & Pensions' listed equity, corporate bond and real estate portfolios by at least 25% by the end of 2024
- ensure that by 2024, all asset managers managing assets on behalf of Nordea Life & Pension commit to transitioning their AuM to net zero by 2050
- facilitate more than EUR 200bn in sustainable financing by the end of 2025.

For more information on our sustainability work, please see our 2022 Annual Report and particularly the Sustainability notes.

## Development of the Green Funding Framework in 2022

We established our Green Funding Framework (GFF) in 2017. We assess the need for updates periodically, usually in connection to reverifying our green bond asset portfolio. 2022 was no exception, and we began updating the framework in the summer. In September we published the updated framework and a second party opinion from ISS ESG reflecting our recent changes.

Our most noticeable update was to rename the framework the Green Funding Framework (previously the Green Bond Framework). This change reflects the addition of green deposits as an alternative to bonds for financing green assets and aligns the name with the Sustainability-Linked Loan Funding Framework published in June 2022.

We made no major updates or additions to the green asset categories and subsequent criteria in the 2022 revision of the framework. In addition to minor specifications in the criteria, we included hydrogen production and hydrogen fuel cell vehicles under our renewable energy and clean transportation categories, respectively. The criteria for hydrogen production is based on the technical screening criteria of the EU Taxonomy. Going forward, we intend to continue the practice of annually revising the framework.

The GFF is available on our "Green bonds" investor web pages.



## Development of the green bond asset portfolio in Nordea Bank Abp

Throughout 2022 we continued to invest in our sustainable finance platform, developed our advisory capabilities and enhanced our internal processes and tools to improve our offerings to customers. We provided EURm 768 to more than 2,800 green mortgage borrowers and offered discounted energy renovation loans in Finland, Denmark and Sweden.

Our focus on sustainable financing was also reflected in the performance of our green bond asset portfolio. In 2022 the portfolio grew by 45% from EUR 3.76bn to EUR 5.43bn, year on year, driven by increased green loan origination. The weight of the "Green buildings" category increased to 58% due to identifying new green assets on our balance sheet through data sourcing. This also partly explains the increase in the total portfolio. We use the latest externally verified portfolio figures for our green bond

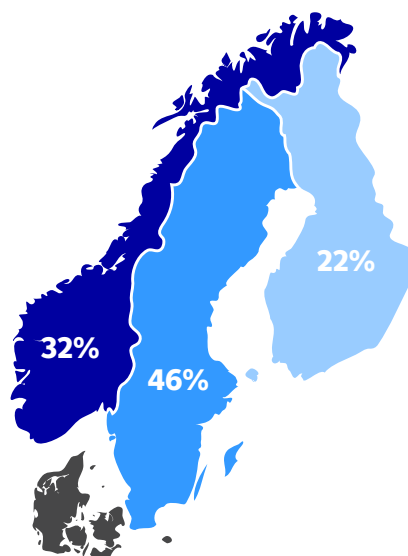
reporting and impact calculations.

In 2022 we issued one new green bond from Nordea Bank Abp, a EUR 1bn 5-year green senior non-preferred bond in February. In November we printed SEK 6bn in a 5-year inaugural green covered bond from our Swedish mortgage credit institution, Nordea Hypotek AB, followed by an inaugural EUR 1bn 3-year green covered bond from our Finnish mortgage credit institution, Nordea Mortgage Bank Plc. We have now issued green covered bonds from all our mortgage subsidiaries.

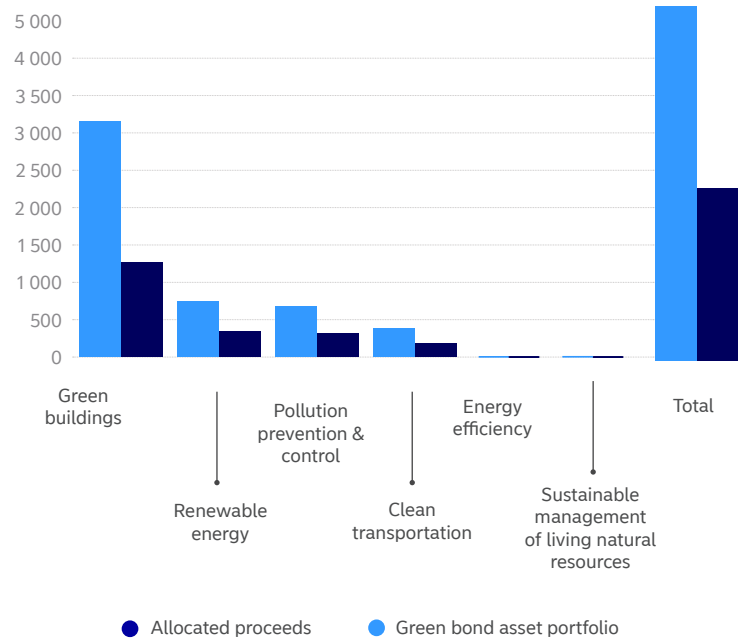
The green bond asset portfolio and allocation of proceeds are presented below.

**During 2022 our green bond asset portfolio grew by 45%.**

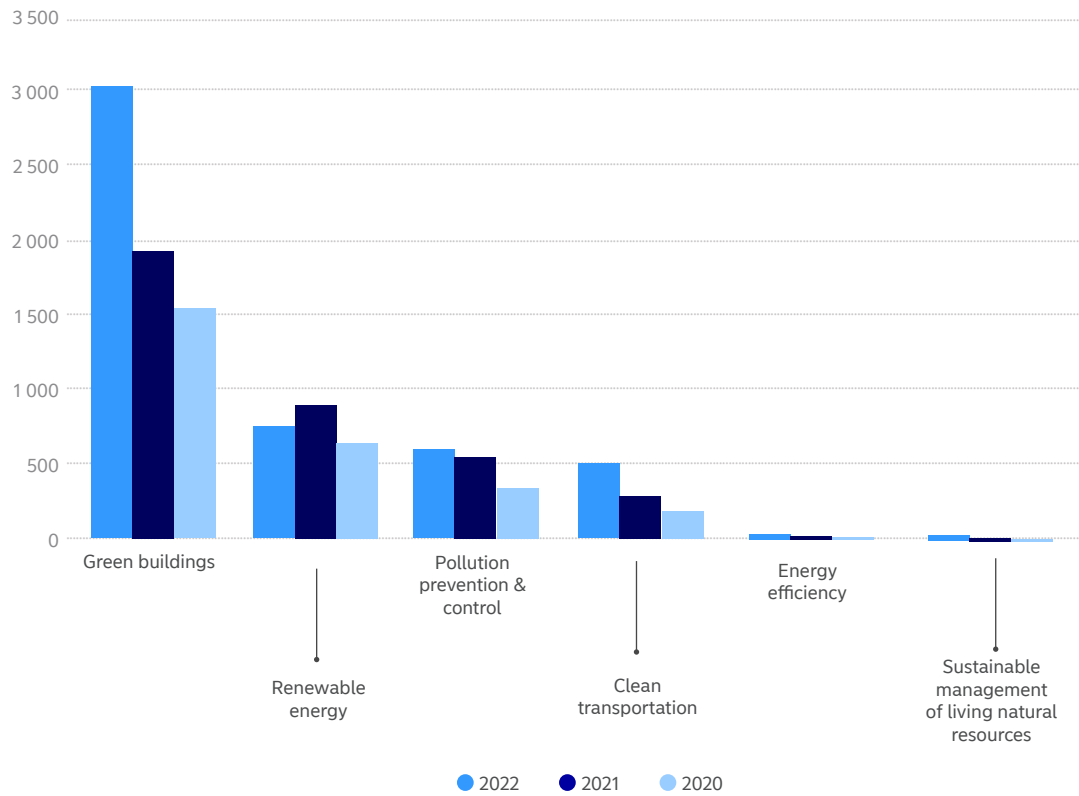
	Country	EURm	Share
●	Denmark	N/A	N/A
●	Finland	1,203	22%
●	Norway	1,735	32%
●	Sweden	2,497	46%
	Total	5,434	100%



Green bond asset portfolio amount and allocation of proceeds, EURm

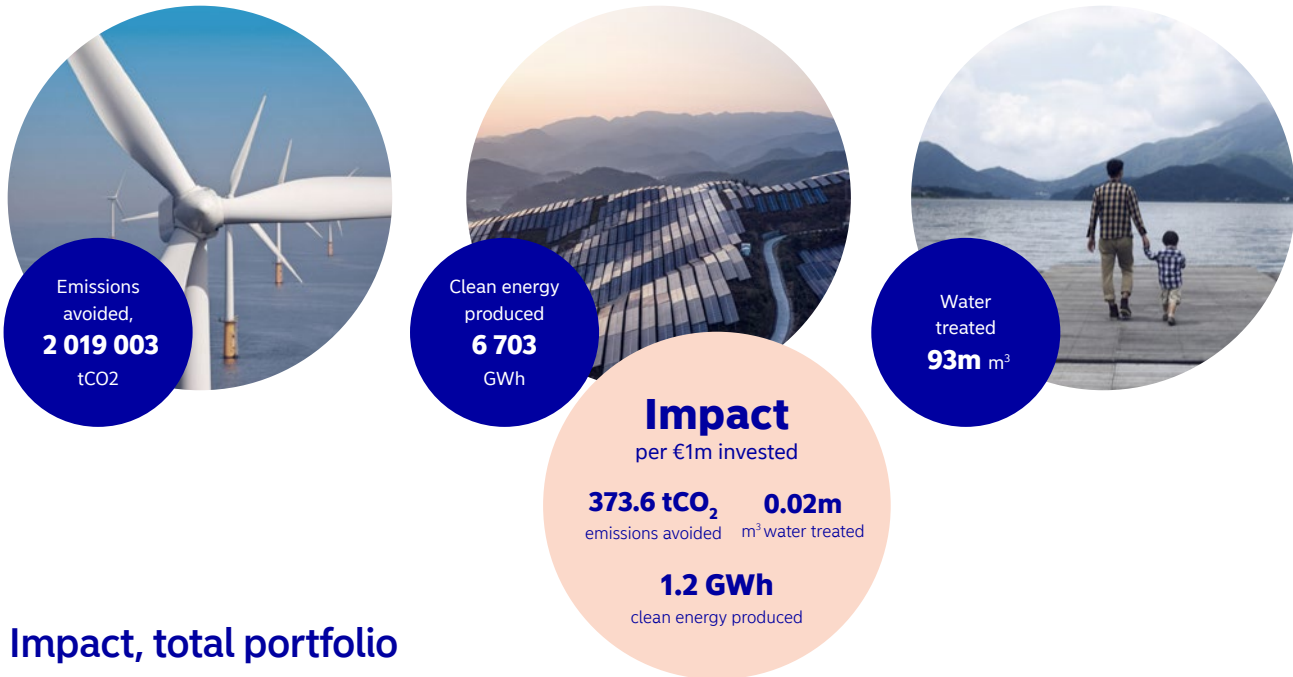


Green bond asset portfolio development, EURm





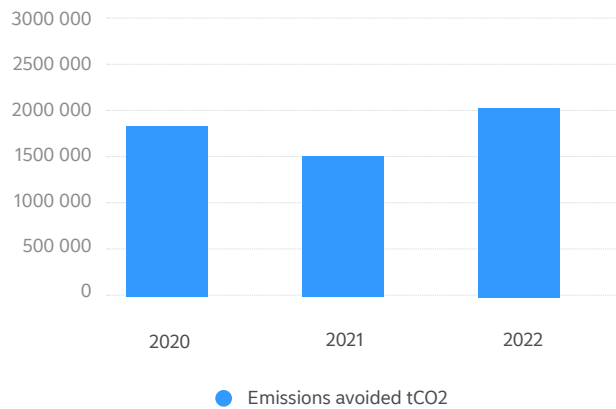
# Impact of the green bond asset portfolio



## Impact, total portfolio

Category	Sub-category	Green Bond Asset portfolio amount, EURm	Annual emissions avoided, tCO <sub>2</sub> e	Annual energy production, GWh	Annual energy savings, MWh	Annual water withdrawn or treated, m m3	SDGs
Clean transportation	Electric cars	230	26 178				
	Electric Trains	364	11 216				
	<b>Subtotal</b>	<b>594</b>	<b>37 394</b>				
Energy Efficiency	Energy Efficiency	47	3 058	0			11
	<b>Subtotal</b>	<b>47</b>	<b>3 058</b>	<b>0</b>			
Green Buildings	Green Buildings	3 125	15 418		48 946		7, 8, 9
	<b>Subtotal</b>	<b>3 125</b>	<b>15 418</b>				
Renewable energy	Hydro	654	701 842	2 228			11
	Solar	2	874	3			11
	Wind	188	430 380	1 366			3, 7, 8, 9, 11, 12, 13
	<b>Subtotal</b>	<b>844</b>	<b>1 133 096</b>	<b>3 597</b>			
Pollution Prevention and control	Waste to Energy	475	830 037	3 105			11, 12, 13
	Water and Waste Water Treatment	271				93	
	<b>Subtotal</b>	<b>746</b>	<b>830 037</b>	<b>3 105</b>			
Sustainable management of living natural resources	Sustainable aquaculture	47					3, 11, 12
	<b>Subtotal</b>	<b>47</b>					
	<b>Grand Total</b>	<b>5 403</b>	<b>2 019 003</b>	<b>6 703</b>	<b>48 946</b>	<b>93</b>	

## Total impact (CO<sub>2</sub>) development 2020–22<sup>1</sup>



## Outstanding green bonds from Nordea Bank Abp as of year end 2022

Bond	Issuer	Type	Rating	Nominal amount	Issue date	Maturity date	Listing	ISIN
Nordea green bond EUR 750m, senior preferred, 5-year	Nordea Bank Abp	Senior preferred	Standard & Poor's: AA-; Moody's: Aa3; Fitch: AA	EUR 750m	28 May 2019	28 May 2026	LGX	XS2003499386
Nordea green bond EUR 500m, senior non-preferred, 10-year	Nordea Bank Abp	Senior non-preferred	Standard & Poor's: A; Moody's: Baa; Fitch: AA-	EUR 500m	19 March 2021	19 March 2031	LGX	XS2321526480
Nordea green bond EUR 1000m, senior non-preferred, 5-year	Nordea Bank Abp	Senior non-preferred	Standard & Poor's: A; Moody's: A3; Fitch: AA-	EUR 1000m	16 February 2022	16 February 2027	LGX	XS2443893255

<sup>1</sup> Total Impact (CO<sub>2</sub>) in 2021 has been restated due to error in assumptions utilized

<sup>2</sup> Green Bond Principles

# Nordea Green funding framework

## Eligible activities, green bond asset categories

GBP category <sup>2</sup>	Project types	SDGs
	<p>The generation and transmission of energy from renewable sources and the manufacturing of related equipment for</p> <ul style="list-style-type: none"> <li>• wind power</li> <li>• solar power</li> <li>• hydropower</li> <li>• integrating renewable energy sources into the transmission network.</li> </ul> <p>Hydropower must be generated in the Nordic countries by small-scale plants, run-of-river plants, or refurbished larger hydropower plants where, if financing a refurbishment, the refurbishment does not entail any increase in the size of the impoundment facility.</p>	
<b>Renewable energy</b>	<p>The production of hydrogen where</p> <ul style="list-style-type: none"> <li>• the process results in lifecycle GHG emissions less than 3tCO<sub>2</sub>e/tH<sub>2</sub><sup>3,4</sup> and the electricity used for production emits less than 100g CO<sub>2</sub>e per kWh the GHG savings from the use of hydrogen-based synthetic fuels amount to at least 70%, as per Article 25(2) and Annex V of Directive (EU) 2018/2001 (the Renewable Energy Directive).</li> </ul> <p>If CO<sub>2</sub> is captured and stored in order to achieve less than 3tCO<sub>2</sub>e/tH<sub>2</sub></p> <ul style="list-style-type: none"> <li>• CO<sub>2</sub> transport from the capture point to the injection point does not lead to</li> <li>• a leakage of more than 0.5% of the mass of CO<sub>2</sub> transported a leakage detection system is in place and complies with national regulations for the underground permanent geological storage of CO<sub>2</sub>.</li> </ul>	<b>7, 13</b>
<b>Energy efficiency</b>	<p>Infrastructure, equipment, technology and processes related to energy transmission, energy storage, district heating and heat pumps, including</p> <ul style="list-style-type: none"> <li>• automation and intelligence in the power transmission network, distribution and related systems</li> <li>• the transmission of electricity produced by renewable sources from the production site to the system grid</li> <li>• system grids for electricity where, over rolling five-year periods, 67% of newly connected generation capacity in the grid is below 100g CO<sub>2</sub>e per kWh or the average system grid emissions factor is below 100g CO<sub>2</sub>e per kWh</li> </ul>	<b>7, 13</b>

<sup>3</sup> Calculated using one of the following methodologies: Article 28(5) of Directive (EU) 2018/2001, ISO 14067:2018119 or ISO 140641:2018120.

<sup>4</sup> Verified by an independent third party deemed reliable by Nordea or in accordance with Article 30 of Directive (EU) 2018/2021 where applicable.

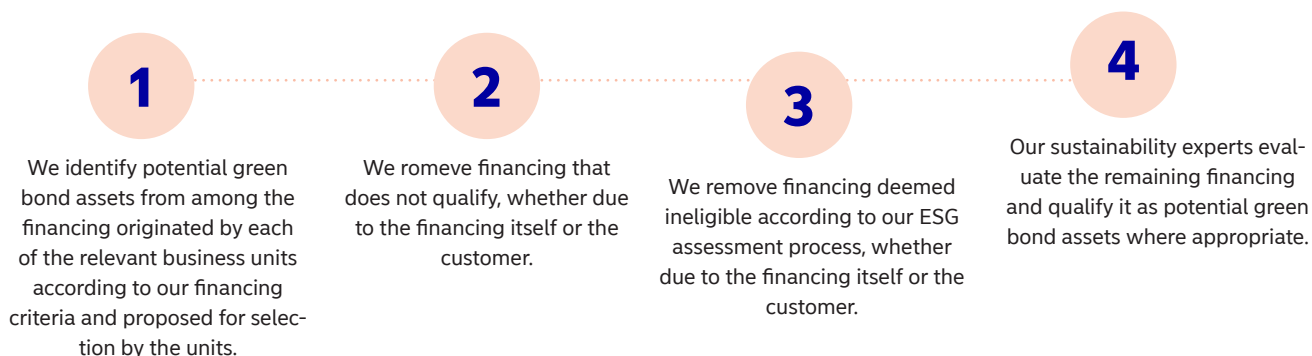
GBP category <sup>2</sup>	Project types	SDGs
<b>Green buildings</b>	<p>Commercial or residential buildings with at least one of the following certifications:</p> <ul style="list-style-type: none"> <li>the LEED "Gold" certification</li> <li>the BREEAM "Very good" certification</li> <li>the Miljöbyggnad "Silver" certification (Sweden)</li> <li>the Nordic Swan Ecolabel</li> <li>the DGNB "Gold" certification</li> <li>the RTS "2 stars" certification.</li> </ul> <p>Existing buildings with an annual energy use on a square metre basis at least 25% below the amount stipulated in the relevant Nordic country's applicable national regulations. Renovations and refurbishments of commercial or residential buildings resulting in an annual reduction in primary energy demand on a square metre basis of at least 30%.</p>	11
<b>Pollution prevention and control</b>	<p>Projects or activities and any related infrastructure, equipment, technology and processes for</p> <ul style="list-style-type: none"> <li>water and waste water management</li> <li>waste management, including waste prevention, reduction, collection, treatment, recycling and processing (excluding hazardous waste)</li> <li>the conversion of waste to energy.</li> </ul>	3, 6, 7, 13
<b>Clean transportation</b>	<p>Projects or activities and related equipment, technology and processes for producing, maintaining and improving clean transport infrastructure. These include expansions of and improvements to train and metro networks, stations and rolling stock for passenger or freight transport such as</p> <ul style="list-style-type: none"> <li>electric vehicles, for example trains, buses, cars and ships</li> <li>hydrogen fuel cell vehicles with zero direct (tailpipe) CO2 emissions</li> </ul>	7, 13
<b>Sustainable management of living natural resources</b>	<p>Projects or activities related to sustainable forestry, agriculture or aquaculture in the Nordic countries. These include the acquisition, maintenance and management of</p> <ul style="list-style-type: none"> <li>forests certified by the Forest Stewardship Council (the FSC) or the Programme for the Endorsement of Forest Certification (the PEFC)</li> <li>sustainable agriculture in the Nordic countries comprising organic farming certified as compliant with EU and national regulation</li> <li>sustainable aquaculture in the Nordic countries comprising land-based fish farming facilities with waste water treatment operating in accordance with limits set in relevant national operating permits</li> </ul> <p>Criteria related to the sourcing of feed: soy must be sustainable and deforestation free as evidenced by a ProTerra or equivalent certification. Marine-based feed ingredients must comply with the standards of the Marine Stewardship Council, the MarineTrust Standard or equivalent certification</p>	2, 14, 15

## Green covered bond asset categories

GBP category	Project types
	Construction of new buildings with a primary energy demand at least 10% below the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as-built Energy Performance Certificate (EPC).
<b>Green residential buildings</b>	<p>Acquisition and ownership of buildings which</p> <ul style="list-style-type: none"> <li>if built before 31 December 2020, have at least a class A EPC or are adequately demonstrated to be within the top 15% of the relevant type of national or regional building stock in operational primary energy demand (PED) terms</li> <li>if built after 31 December 2020, meet the criteria specified under "Construction of new buildings" above.</li> </ul>
	<p>Renovation of existing buildings where</p> <ul style="list-style-type: none"> <li>the renovation meets the applicable requirements for major renovations, or</li> <li>the renovation leads to a PED reduction of at least 30%.</li> </ul>
<b>Energy efficiency</b>	<p>Investments, installations and repairs of equipment resulting in improved energy efficiency. These include investments in</p> <ul style="list-style-type: none"> <li>renewable energy sources</li> <li>energy efficiency improvements</li> <li>overall quality improvement.</li> <li>Such investments may encompass geothermal heating, water meters, windows, doors, light sources, etc.</li> </ul>

## Process for project evaluation and selection

We use the following process to determine which financing within the green bond asset categories qualifies for inclusion in our green bond asset portfolio.



### Verification:

Our external second party opinion provider verifies the potential green bond assets. The assets that qualify are recorded in our green bond register and included in our green bond asset portfolio.

Our Sustainable Funding Committee (SFC) subsequently confirms the assessments made by our staff in relation to the green bond asset categories.

The SFC reviews the green bond asset portfolio on a semi-annual basis. The proceeds of green bond issues or deposits are allocated to green bond assets at the portfolio level. They are thus allocated to all assets in the green bond asset portfolio in equal shares.



# Nordea green bond asset categories and EU taxonomy alignment

The EU Taxonomy requires companies to disclose information about their exposure to Taxonomy-eligible activities in 2022 and Taxonomy-aligned activities in 2024 under the Non-Financial Reporting Directive (Directive 2014/95/EU). The European Union has published a proposal for an EU green bond standard. Once adopted, bonds can be issued under an EU Green Bond label, indicating that they finance Taxonomy-aligned assets.

During 2021 we performed a high-level assessment of the green bond asset categories in our Green Funding Framework (GFF). We compared the framework’s criteria for green bond asset categories with the EU Taxonomy’s “Substantial contribution to climate change mitigation” technical screening criteria (TSC) for corresponding economic activities. We did not assess the “Do no significant harm” aspects. As confirmed by ISS ESG’s second party

opinion, our commitments to a number of international treaties fulfil the minimum social safeguards. We also updated some of the GFF criteria to better align with the categories of the Taxonomy TSC.

The 2021 assessment is still valid, as we have not made any significant updates to the GFF. The only adjustment is the inclusion of the production of hydrogen, for which the criteria have been aligned with the Taxonomy TSC for climate change mitigation.

The assessment was made according to the scale below:

Aligned	All or most of the criteria included in the TSC
Partially aligned	Some of the criteria included in the TSC
Not aligned	Criteria not included in the TSC

GB Asset category	Alignment	Comments
Renewable Energy	Aligned	Solar, wind, hydrogen production and renewable energy-related activities align with the Taxonomy TSC. For hydropower, we lack the specific emissions threshold described in the Taxonomy.
Energy Efficiency	Partially	Our energy efficiency category is a diverse category with a number of corresponding activities in the Taxonomy TSC. District heating and heat pumps are included in the Taxonomy. For electric grids, we meet the exact Taxonomy TSC, however this is the only activity for which specific TSC are utilised in this category.
Green Buildings	Partially	The eligibility of existing buildings based on their energy performance is presumed to fall under the Taxonomy requirements. Due to the lack of complete country-level data, an exact assessment cannot be made. Some of the certificates that we consider eligible include sufficient energy performance requirements, but an asset-level assessment is needed to determine the exact level of alignment with the Taxonomy TSC.
Pollution Prevention and Control	Partially	Waste management activities and water and waste water management activities are being developed for the remaining four environmental objectives of the Taxonomy. Waste to energy is not included in the Taxonomy TSC as an activity-mitigating climate change. However, we include bioenergy production in this category.
Clean Transportation	Aligned	We only see electric or hydrogen cell based means of transportation as eligible for green bond financing, which is stricter than the Taxonomy TSC.
Sustainable Management of Living Natural Resources	Partially	For sustainable forestry Nordea utilises PEFC or FSC certifications that cover sustainable forest management practices as described in the Taxonomy TSC. Carbon sinks are excluded from Nordea's criteria. For sustainable farming activities Nordea utilises a different set of criteria than the Taxonomy, and sustainable aquaculture is not included in the Taxonomy.
Green residential buildings	Aligned	This green covered bond asset category is based on the Taxonomy TSC. As per the Second Party Opinion by ISS ESG, full alignment with the EU Taxonomy is reached.
Energy efficiency	Aligned	This green covered bond asset category is based on the Taxonomy TSC. As per the Second Party Opinion by ISS ESG, full alignment with the EU Taxonomy is reached.

## Sustainability-Linked Loan Funding Framework

We are on a significant journey to integrate sustainability into all our group functions and business areas. Promoting businesses and innovations with sustainable energy and infrastructure solutions is a priority outlined in our investment and lending policies and guidelines.

Our Sustainability-Linked Loan (SLL) Funding Framework represents a further step in our effort to incorporate environmental considerations in our core operations. We launched the framework in the second quarter of 2022, allowing investors to support our SLL financing activities that tackle climate change.

The SLL Funding Framework builds on the successful development of the use-of-proceeds bond market, such as the green bond market, while recognising the considerable growth of the SLL market.

An amount equal to the net proceeds issued under this framework will be earmarked specifically for SLLs selected for the SLL funding asset pool. To be eligible for selection, a loan must meet each of the below criteria:

- be aligned with the vintage of the original SLL Principles (LMA, APLMA, LSTA) corresponding to the facility's year of signing
- have a positive contribution on at least one of the impact objectives highlighted in below table
- have key performance indicators (KPIs) and targets (SPTs) that are considered "material" and "ambitious", as assessed by an external reviewer.

## KPI criteria for Nordea SLL Funding

Impact Objectives	Description of KPIs included
Climate Change Mitigation	<p>Climate Change Mitigation covers activities focused on action to combat climate change and its impacts. KPIs considered may include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Reduction of GHG Scope emissions</li> <li>• Reduction of energy consumption</li> <li>• Reduction of direct or use-phase GHG emissions</li> <li>• Reduction of activities with significant indirect GHG emissions</li> <li>• Increase in products or services with significant substitution effects</li> </ul> <p>To the extent feasible, preference will be given to KPIs defined in absolute terms, but intensity measures may also be considered. Similarly, 'internal' KPIs (that is, measured by the companies themselves) will be given priority over 'external' KPIs (such as ESG ratings or assessments) unless where the external KPI is considered material. Standards and methodologies considered may include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Science Based Targets initiative</li> <li>• Transition Pathway Initiative</li> <li>• International Maritime Organisation</li> </ul>

In the third quarter of 2022, we issued our first SLL funding bonds of EUR 0.4bn equivalent. The SLL funding asset portfolio consists of externally reviewed drawn SLLs and amounted to EUR 0.7bn at the end of the third quarter (latest externally reviewed figure). As such, all proceeds from the outstanding bond have been allocated.

The framework is available on our "SLL Funding Framework" investor web pages.

# Impact from Nordea mortgage credit institutions

## Nordea Kredit Realkreditaktieselskab Outstanding green bonds, Nordea Kredit

Bond	Issuer	Type	Rating	Nominal amount	Issue date	Maturity date	Listing	ISIN
Green covered mortgage bond	Nordea Kredit Realkreditaktieselskab	DKK benchmark/tap covered 3 year	Standard & Poor's AAA	DKK 7,718m	26 April 2021	July 2024	Nasdaq OMX Copenhagen	DK0002050608
Green covered mortgage bond	Nordea Kredit Realkreditaktieselskab	DKK benchmark/tap covered 4 year	Standard & Poor's AAA	DKK 6,049m	31 March 2022	July 2026	Nasdaq OMX Copenhagen	DK0002054279

Our ambition to support the green transition is clearly reflected in Nordea Kredit's lending portfolio. Green mortgage loans to corporate customers reached DKK 13.2bn at the end of 2022 – approximately 22% of Denmark's green bond market. The volume growth was somewhat lower in 2022, as we had already tapped into the green potential of existing corporate loans in 2021.

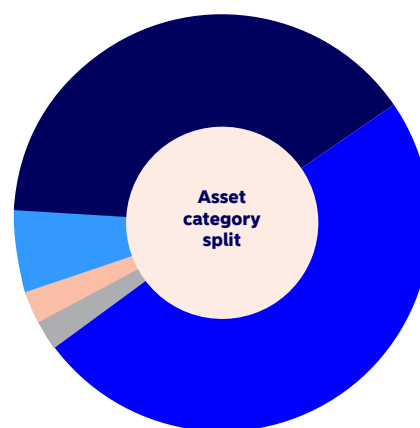
The green mortgage loans are based on the Green Funding Framework (GFF) criteria and are offered for energy efficiency investments, buildings with energy performance certificate (EPC) ratings A or B and renewable public utilities, for example. Customer and investor feedback has been positive, and the green bonds are slightly better

priced than Nordea Kredit's ordinary Cibur6 bonds. The green bonds funding the green mortgage loans have been classified as "most liquid assets".

We also contribute to the green transition by offering loans for green corporate projects where mortgage loans are not a possibility but where the GFF criteria are met. For personal customers, we offer two attractive low-interest loans for home energy improvements, Energisparelån and Energiboliglån. These bank loans supplement Nordea Kredit's portfolio of mortgage products.

### Green mortgage loans issued by Nordea Kredit as on September 2022 (SPO figure):

Asset category	Volume DKKm	Share
Green buildings	5 342	43%
Energy efficiency	4 547	37%
Waste to energy	949	8%
Water and Waste Water treatment	663	5%
Wind	635	5%
Sustainable Agriculture	315	3%
<b>Grand Total</b>	<b>12 451</b>	



## Nordea Kredit green bonds impact

Green bond asset category	Emissions avoided tCO2	Clean energy produced, GWh	Energy saved, MWh	Water treated m3/a	Certified land area ha
Energy Efficiency*	168 951				
Green Buildings	3 283		10 422		
Sustainable Agriculture					2 310
Water and Waste Water Treatment				27	
Wind	52 994	256			
<b>Grand Total</b>	<b>225 228</b>	<b>256</b>	<b>10 422</b>	<b>27</b>	<b>2 310</b>

\*Energy efficiency & Waste to energy categories combined, mostly CHP/district heating assets

## Nordea Eiendomskreditt AS

There were no new issuances in 2022 after Nordea Eiendomskreditt issued its first green covered bond in November 2021.

The green covered bond asset portfolio increased 28% during 2022, reaching almost NOK 11bn by the end of the year. The growth was primarily driven by more buildings receiving an EPC label during the year and an increase in the share of eligible buildings among buildings with a label. The portfolio follows the GFF and only included assets with labels A and B for the underlying individual buildings in 2022.

During the year we evaluated how we could revise our eligibility criteria to better accommodate the data available on Norwegian residential buildings. Meanwhile, we stayed

fully aligned with EU Taxonomy technical screening criteria. The result of our evaluation will likely lead to changes to how we apply our criteria and an increase in green asset volume in 2023.

Nordea Eiendomskreditt also contributes to the green transition by offering green mortgages to personal customers with energy-efficient homes. A product specifically targeted to facilitate energy efficiency improvements is currently under development and will be launched during 2023.

## Outstanding green bond, Nordea Eiendomskreditt AS

Bond	Green covered mortgage bond
Issuer	Nordea Eiendomskreditt AS
Type	NOK 7bn FRN covered 5-year
Rating	Moody's AAA
Nominal amount	NOK 7bn
Issue date	November 2021
Maturity date	September 2026
Listing	Oslo Stock Exchange
ISIN	NO0011151771

In 2022 Nordea Eiendomskreditt's Green Asset portfolio created energy savings of 11.5 GWh and an estimated amount of emissions avoided of 3,627 t.

# 2022

At year-end 2022, Nordea Eiendomskreditt's portfolio amounted to NOK 11.0bn. 16% of assets were EPC A and 84% EPC B.



## Nordea Mortgage Bank Plc

Nordea Mortgage Bank's first green covered bond was successfully issued in November 2022. Green covered bond asset categories refer to the EU Taxonomy technical screening criteria. Nordea Mortgage Bank's green covered bond asset portfolio follows the GFF and is currently selected based on the individual EPC labels of the under-

lying buildings. A little over half of the portfolio includes assets EPC labels A and B, and the rest is label C. All of these fall within the Taxonomy-set threshold of top 15% performance. The process is to choose the A EPCs from buildings built after 2020 and the top 15% from buildings built in and before 2020.



### Outstanding green bond, Nordea Mortgage Bank Plc

Bond	Green covered mortgage bond
Issuer	Nordea Mortgage Bank Plc
Type	EUR 1 bn covered 3-year
Rating	Moody's AAA
Nominal amount	EUR 1bn
Issue date	1 December 2022
Maturity date	1 December 2025 soft bullet
Listing	Euronext Dublin
ISIN	XS2561746855

## Nordea Hypotek AB

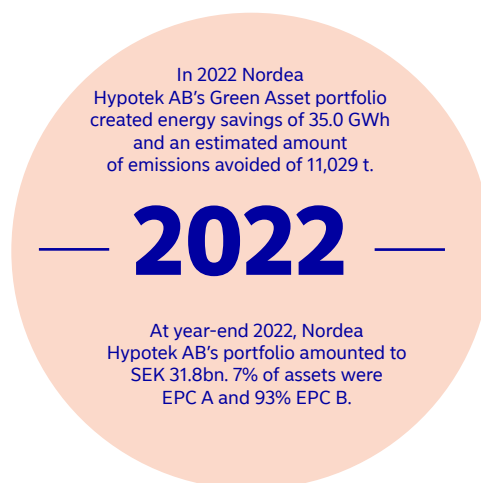
Nordea Hypotek continues to contribute to the green transition and has offered green loans to household and corporate customers since 2018. The green loans finance energy-efficient buildings in alignment with the GFF, mainly buildings with EPC ratings A and B. During 2022 the amount of green loans increased by 111% to a total of SEK 31.8bn, compared with SEK 15.1bn at the end of 2021.

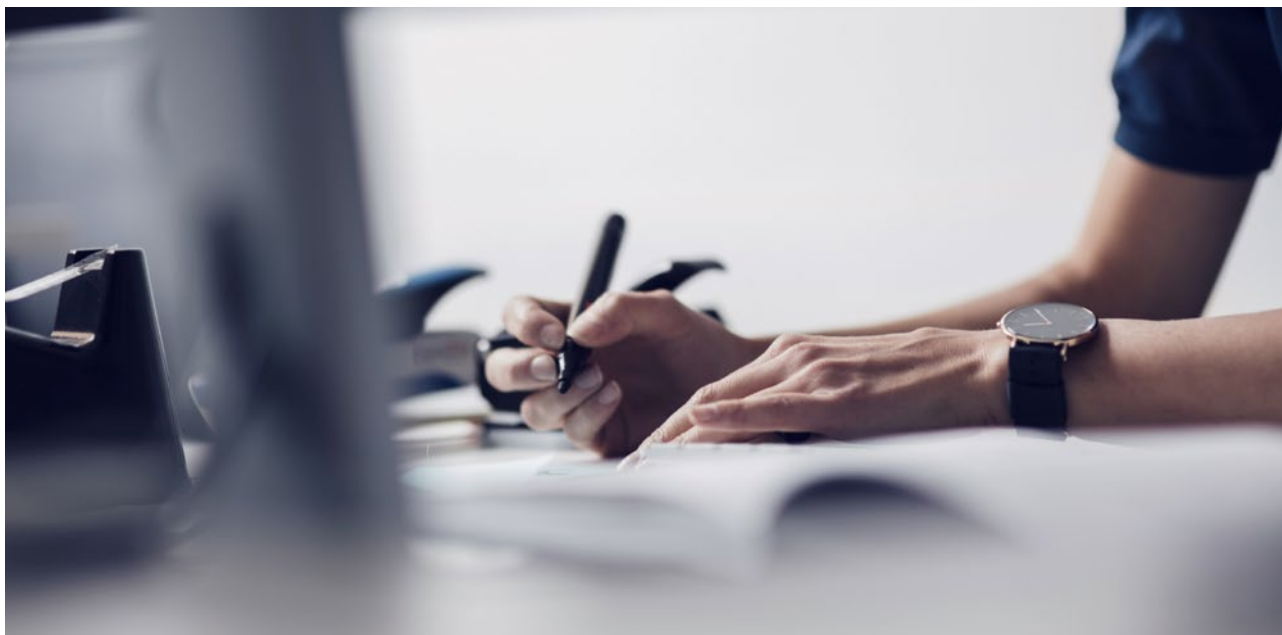
We offer a lower interest rate to customers for energy-efficient building renovation loans, such as for solar panels or heating pumps.

On 18 November Nordea Hypotek issued its first green covered bond, the first green covered bond issued by one of the larger issuers in the Swedish market. The SEK 6bn 5-year covered bond was well received with strong interest from investors. This was also reflected in the final spread.

### Outstanding green bond, Nordea Hypotek AB

Bond	Green covered mortgage bond
Issuer	Nordea Hypotek AB
Type	SEK 6bn covered 5-year
Rating	Moody's AAA
Nominal amount	SEK 6bn
Issue date	18 November 2022
Maturity date	25 November 2027 soft bullet
Listing	Nashdaq Sthlm OMX
ISIN	SE0013360856





## Methodology notes

In 2022, we have put in efforts to refine our impact calculation methodology. Data sourcing has been improved and baselines and assumptions specified, to account for national and local differences in our operating environment. This has led to an increased accuracy in the impact reported.

To the extent possible, we source actual figures reported by our clients (e.g. production figures for renewable energy assets). Due to a timing lag in reporting, some of the actual data is based on 2022 figures whereas for some we have utilised historical data according to availability.

We report the estimated impact of the assets financed by our green bonds at an aggregate level per category. The 2022 calculations cover the period 1 January to 31 December inclusive. To the extent possible, the reporting is based on real data reported by the project teams, companies or other organisations.

Where real data is not available, estimates of the relevant asset type and location are used. We include the expected annual impacts (ex ante) of projects under construction and aggregate these with the actual known impacts (ex post) of projects in operation. The full-year impact is accounted for regardless of when during the year the asset was added to the green bond asset portfolio.

Estimates are based on either the average of similar assets (in terms of size and location) within the green bond asset portfolio or national averages (e.g. for "Green buildings", apartment size and energy consumption). The avoided CO<sub>2</sub> emissions and other impacts are reported in accordance with Nordea's debt financing share. It is assumed that new energy capacity crowds out fossil fuel-based generation. Hence, wind, solar and hydropower are assumed to crowd out CO<sub>2</sub> emissions in line with the defined emission factor.

We have opted to use the emission factor of 315g CO<sub>2</sub>/kWh presented in the Nordic Public Sector Issuers (NPSI) Position Paper on Green Bonds Impact Reporting. The position paper and emission factor were updated in 2020, resulting in fewer avoided emissions per kWh. This baseline represents a European mainland mix, including Norway. The emission factor is calculated as a combined margin in line with the International Financial Institutions' harmonised framework methodology, comprising a build margin and an operating margin. The same combination of build margin (50%) and operating margin (50%) is used for all energy projects. We will continue updating this baseline in accordance with any updates to the NPSI Position Paper or other relevant guidelines.

For "Green buildings", we use national building standards as a baseline for measuring impacts. As the NPSI Position Paper suggests, we disclose the energy savings from green buildings as a net value in relation to national building requirements. We have both commercial and residential buildings in the green bond asset portfolio, and respective national building requirements are used based on the year of construction. For buildings where we are not able to obtain actual energy consumption figures, we estimate the energy savings based on the building certificate requirements, national building requirements, year of construction and floor area.

It should be noted that, in general, when we have to estimate annual energy output instead of using actual generation figures, the results are less accurate and provide an order of magnitude estimate of electricity produced and thus of CO<sub>2</sub> emissions avoided. The same applies to estimates in relation to the other green bond asset categories.

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