



Nordea

**Nordea Eiendoms kreditt green covered bonds
November 2021**

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.

Sustainability at the core of Nordea's strategy

Since the beginning of 2020 we have reduced our exposure to, and emissions associated with, climate-vulnerable sectors. We are working together with our customers to help drive a low-carbon economy and channelling investment into more sustainable offerings, thereby ensuring progress towards our 2030 emissions targets.

Our actions in Q3

 Grew green corporate loans by 22% and attracted increasing numbers of transition financing proposals

 Maintained Bloomberg league table #1 positions for Nordic sustainable bonds overall and Nordic corporate sustainable bonds


 Grew investments in ESG products**, which accounted for around 95% of net inflows

 Launched new Sustainable Choice products: fixed-term green deposits for corporates and Global Climate and Social Impact Fund


 Became a member of the Net-Zero Banking Alliance and updated Sector Guideline for fossil fuel-based industries with new requirements and recommendations

 Improved gender balance at several leader levels and introduced equal parental leave for rainbow parents

Our targets


Net-zero
emissions by 2050
at latest

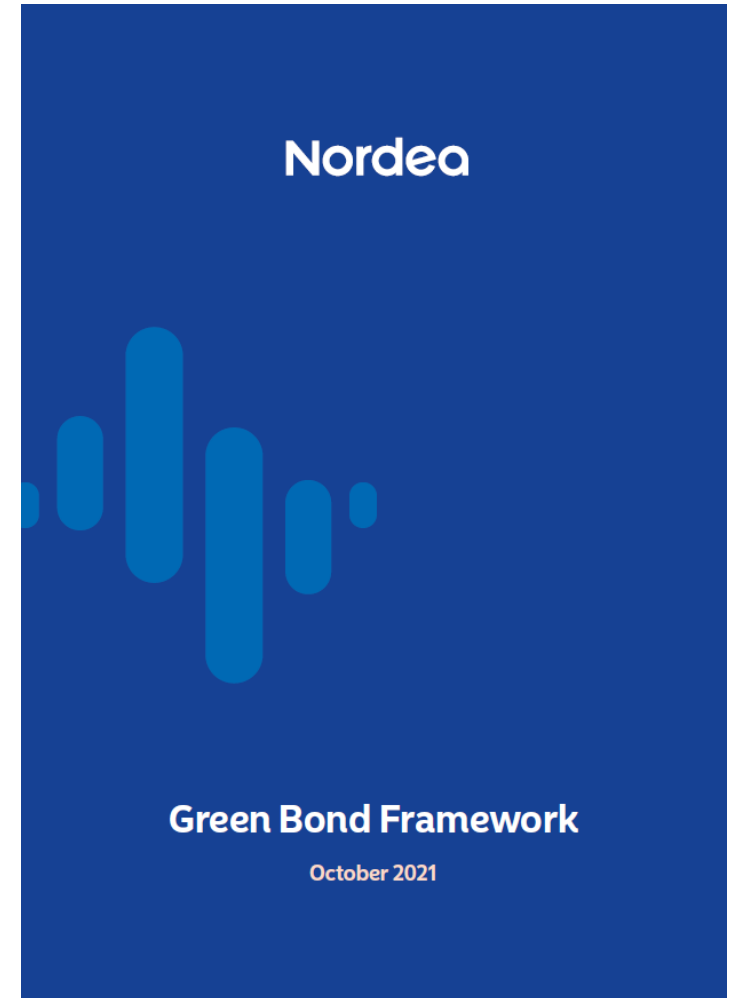

40-50%*
reduction in
emissions across
lending and
investment
portfolios by 2030


50%
reduction
in emissions from
internal operations
by 2030

Green bond framework update – widened scope to enable issuance of covered bonds

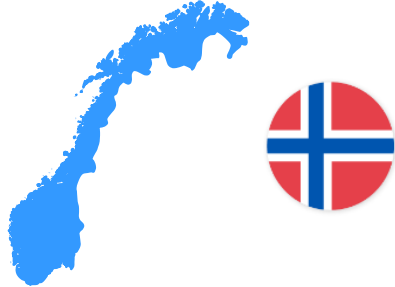
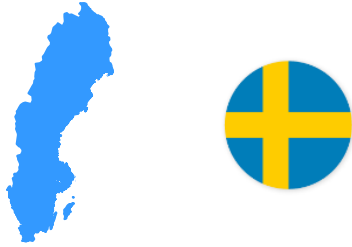

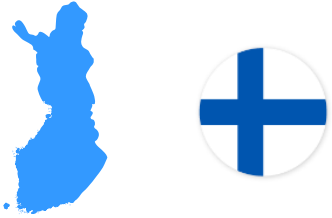
Highlights

- Nordea's green bond framework is updated annually, most recently in October 2021
- **The major amendment is the inclusion of covered bonds in the framework, which enables all Nordea mortgage credit institutions (MCIs) to issue green covered bonds in the future**
 - **Green assets are defined in accordance with the EU Taxonomy technical screening criteria (TSC) for real estate as applicable**
- Green residential buildings and energy efficiency & renovation added as new categories
 - Construction of new buildings; energy performance certificate (EPC) is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB)
 - For buildings built before 31 December 2020; EPC class A or alternatively within the top 15% of the national or regional building stock
 - Major renovations or leading to a reduction of primary energy demand (PED) of at least 30%
- Some amendments and specifications have also been made for existing green asset categories
 - Specifying how the greenness of electric grids is defined
 - Including the DGNB certification for green buildings, as well as aligning the renovation requirements with the Taxonomy TSC
 - Including waste management activities in pollution prevention and control
 - Including sustainable aquaculture in sustainable management of living natural resources



Nordea covered bond operations

Q3 2021

	Nordea Eiendomskreditt 	Nordea Hypotek 	Nordea Kredit 	Nordea Mortgage Bank 
Four aligned covered bond issuers with complementary roles				
Legislation	Norwegian	Swedish	Danish	Finnish
Cover pool assets	Norwegian residential mortgages	Swedish residential mortgages primarily	Danish residential & commercial mortgages	Finnish residential mortgages primarily
Cover pool size	EUR 21.0bn (eq.)	EUR 61.9bn (eq.)	Balance principle	EUR 23.5bn
Covered bonds outstanding	EUR 9.1bn (eq.)	EUR 35.6bn (eq.)	EUR 60.3bn (eq.)*	EUR 20.8bn
OC	130%	74%	8%*	13%
Issuance currencies	NOK	SEK	DKK, EUR	EUR, GBP
Rating (Moody's / S&P)	Aaa / -	Aaa / -	- / AAA	Aaa / -

- Covered bonds are an integral part of Nordea’s long-term funding operations
- Issuance in Scandinavian and international currencies
- ECBC covered bond label on all Nordea covered bond issuance
- **All covered bond issuance entities covered by updated green framework**



5 * 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

Nordea green bond framework

Green covered bond asset categories

- The categories of green assets listed in the table have been identified by Nordea as aiming to increase the positive or reduce the negative impact of residential buildings on the environment while encouraging especially energy efficiency in buildings and reducing energy consumption by households
- The Nordea green bond framework is based on the GBP, although the project types and criteria stated under project types make reference to the technical screening criteria (TCS) as defined by the EU Taxonomy delegated acts of the EU commission and the associated annexes
- Assets that have been assessed by Nordea to be in accordance with the criteria stated below, are eligible for being included in cover pools in respective covered bond issuance entity
- Green asset portfolios will be included in the general cover pool of the respective Nordea MCI.
 - Hence, no separate cover pools with green portfolio assets only will be created
 - All Nordea covered bond issuers utilise this framework including the process descriptions, green asset categories and subsequent criteria.
 - We aim to optimise portfolio selection locally amongst the four different pools. Local variations in identifying eligible green assets exist

GBP category	Project types
Green residential buildings	<p>Construction of new buildings</p> <ul style="list-style-type: none"> • The primary energy demand, defining the energy performance of the building resulting from the construction, is at least 10% lower than 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). <p>Acquisition and ownership of buildings</p> <ul style="list-style-type: none"> • For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock (relevant type) expressed as operational primary energy demand (PED) and demonstrated by adequate evidence. • For buildings built after 31 December 2020, the building meets the criteria specified under “Construction of new buildings”.
Energy efficiency	<p>Renovation of existing buildings</p> <ul style="list-style-type: none"> • The building renovation complies with the applicable requirements for major renovations OR • The renovation leads to a reduction of primary energy demand (PED) of at least 30%. <p>Investments, installation and repair of equipment leading to energy efficiency improvements</p> <ul style="list-style-type: none"> • Investments in renewable energy sources, energy efficiency improvements and/or overall quality improvement, such as (but not limited to): geothermal heating, water meters, windows, doors, light sources etc

Nordea green bond framework

Selection and evaluation of green covered bond assets

- The Nordea covered bond Issuing entity will complete the specific process (outlined here) 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

Use of proceeds green covered bond assets

- 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.
- Nordea will establish 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

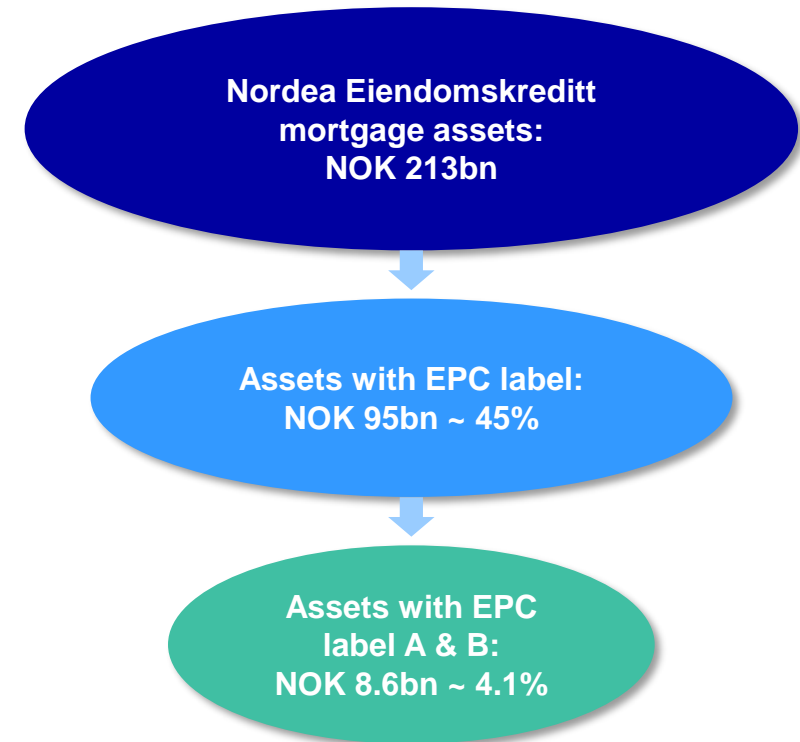
Selection process



Nordea Eiendomskreditt green mortgage assets

Selection and evaluation of Norwegian green covered bond assets

- Green covered bond asset categories make reference to the TSC as defined by the EU Taxonomy delegated acts of the EU Commission and the associated annexes
 - For buildings built before 31 December 2020, the building has at least an energy performance certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock (relevant type) expressed as operational primary energy demand (PED) and demonstrated by adequate evidence
- Nordea Eiendomskreditt applies green selection criteria adapted to local Norwegian requirements and data availability
- The green pool of Nordea Eiendomskreditt is currently selected based on individual EPC labels of the underlying buildings
 - Using EPC labels create increased comparability and harmonisation between the Nordea covered bond issuing entities
- Nordea currently only include assets with EPC label A and B in the Nordea Eiendomskreditt green portfolio
 - Over time Nordea may evaluate possible inclusion of EPC label C assets that meet the criteria set out in the green bond framework
 - Assets without EPC labels are currently excluded
- Asset level EPC data have been provided by Eiendomsverdi

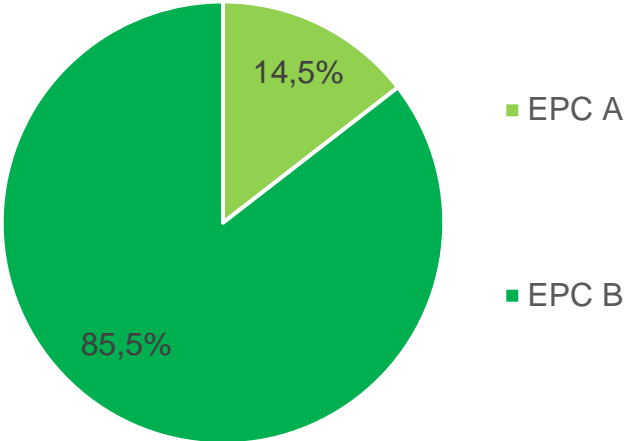


Nordea Eiendomskreditt green mortgage assets

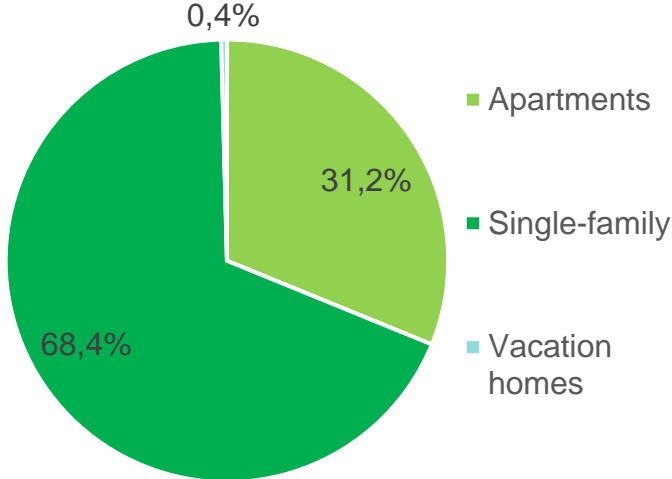
NOK 8.6bn of green asset as per Q3 2021

- By currently only selecting EPC A and B Nordea ensures only the most energy efficient buildings are included
- 100% of green assets included in Nordea Eiendomskreditt's green covered bond asset portfolio are aligned with the EU Taxonomy TSC

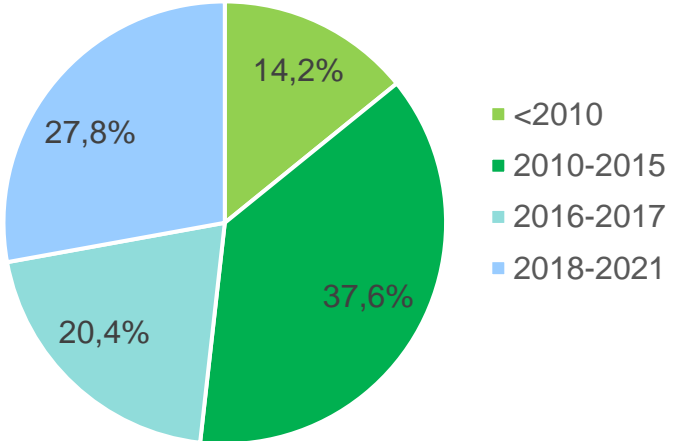
EPC label



Asset class



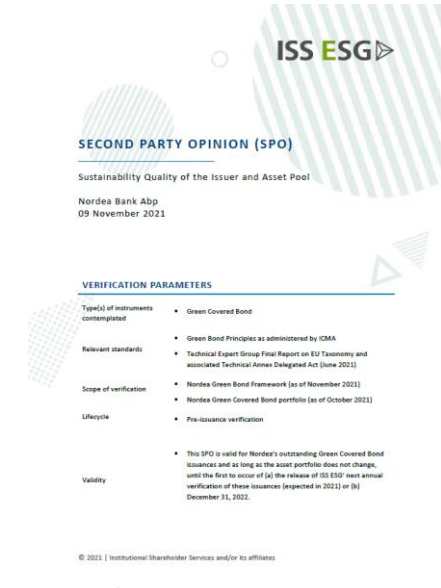
Building year



Reporting and verification of green mortgage assets

Reporting

- Nordea will annually publish on its website a Green bond report
- Nordea will provide information on its green covered bonds and the green covered bond assets in the yearly green bond report. Allocation and impact reporting will be presented on individual issuer level (including Nordea Eiendomskreditt)
- In addition, Nordea Eiendomskreditt will provide a quarterly allocation report on outstanding green covered bonds
- Reporting will include amount of energy saved and estimation of avoided CO₂e emissions
- The green bond report is publicly available on <https://www.nordea.com/en/doc/green-bond-report-2019.pdf>



External review and highlights of ISS ESG SPO

- Nordea has engaged ISS ESG to act as an external verifier of this Green Bond Framework
 - *“ISS ESG finds that the Use of Proceeds financed through this Green Bond Framework are broadly consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing a Green Bond is clearly described by the issuer.”*
 - *“The Green Bond will (re-)finance residential Green Buildings in Nordic countries. This use of proceed category has a positive contribution to SDG 11 'Sustainable cities and communities' and SDG 13 'Climate Action'.”*
 - *“Based on robust processes for selection, the green eligible projects are aligned with the relevant activity specific EU Taxonomy Technical Screening Criteria and Minimum Social Safeguards requirements on a best effort basis.”*

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