

Nordea

Sustainability-linked loan funding framework



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.

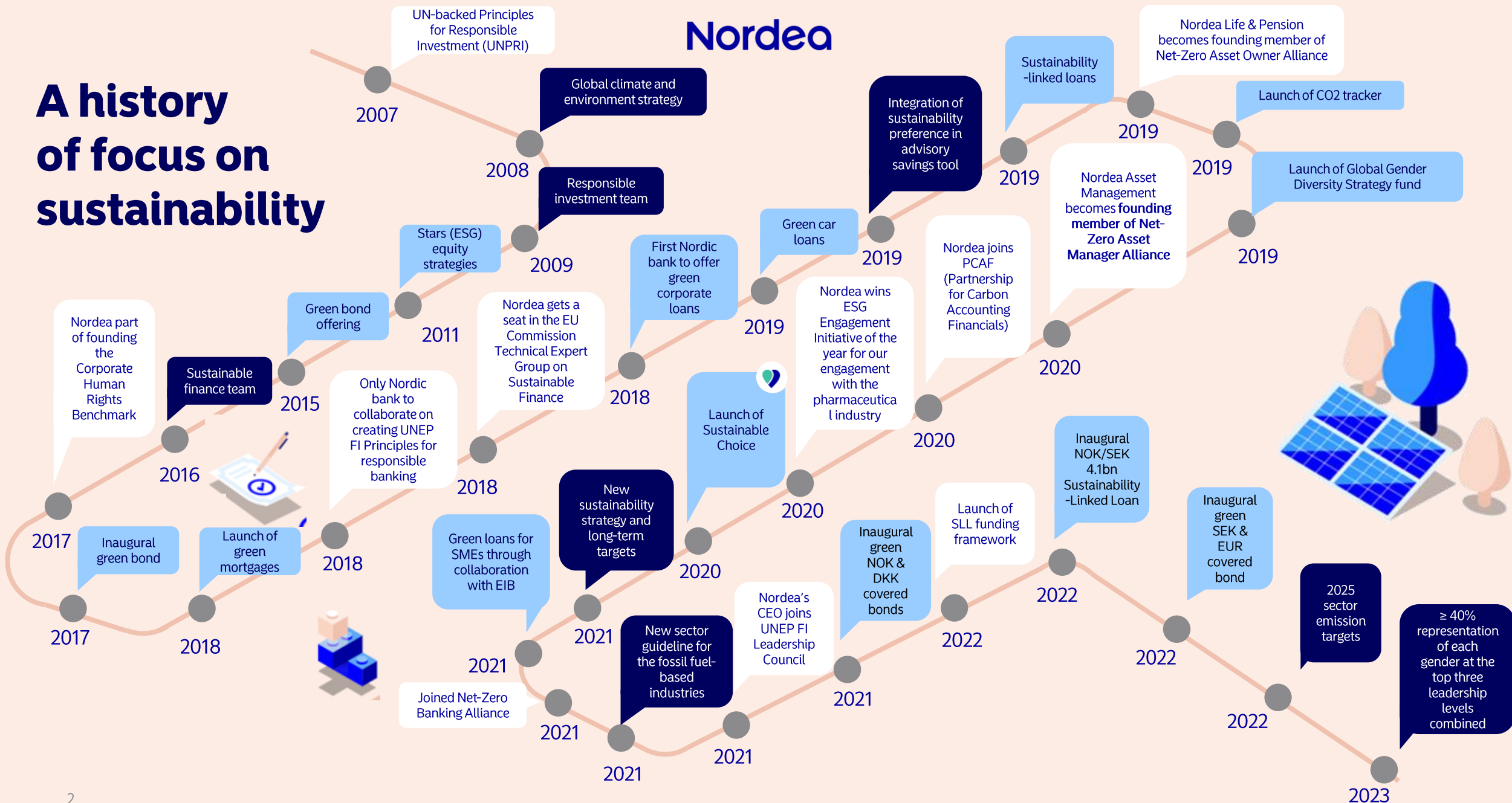
Nordea

Sustainability at Nordea



A history of focus on sustainability

Nordea




Sustainability at the core

Our long-term sustainability objectives supported by short term targets

Our sustainability objectives

 Become a **net-zero** emissions bank by 2050 at the latest

Gender balance


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


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


Supported by our 2025 sustainability targets²:

 **EUR >200bn**
Sustainable financing facilitation 2022-2025

 **90%**
of exposure to large corporates in climate-vulnerable sectors to be covered by transition plans


 **80%**
of the top 200 financed emissions contributors in Nordea Asset Management's portfolios are either aligned with the Paris Agreement or subject to active engagement

 **Double**
the share of net-zero committed AUM

 **At least 40%**
representation of each gender at the top three leadership levels³ combined

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

Further strengthened climate targets in our lending portfolio

<div> 40-50% reduction in financed emissions in our lending portfolio by 2030¹</div>								Progress
								-19% (2022)
Sector	Sub-sector	Emissions scope	Metric	Base year	Baseline	Target year	Target	Current status
Shipping	Vessels	1	AER, gCO2/dwt-nm	2019	8.3	2030	-30%	8.4 AER (2021)
Residential Real Estate	Households and tenant-owner associations	1 and 2	kgCO2e/m2	2019	17.6	2030	-40–50%	17.1 kgCO2e/m2 (2022)
Power Production	Electricity generation	1 and 2	gCO2e/kWh	2021	-	2030	-70%	New target
Agriculture	Crops, plantation and hunting, and animal husbandry	1 and 2	tCOe2/EURm	2021	-	-2030	-40-50%	New target
Oil & Gas	Exploration and production	1, 2 and 3	MtCO2e	2019	3.0	2030	-55%	0.06 MtCO2e (2022)
Offshore	Drilling rigs and offshore service vessels within Oil and Gas, and Shipping	-	EURm	2019	1,885	2025	-100%	-
Mining	Thermal peat	-	EURm	2022	52	2025	-100%	-
	Thermal coal	-	EURm	Restrictive policy, full phase-out achieved in 2021				

6 1) Compared to 2019 baseline and covering lending to corporates and households for business loans, motor vehicles, commercial and residential real estate and shipping; Progress excluding commercial real estate

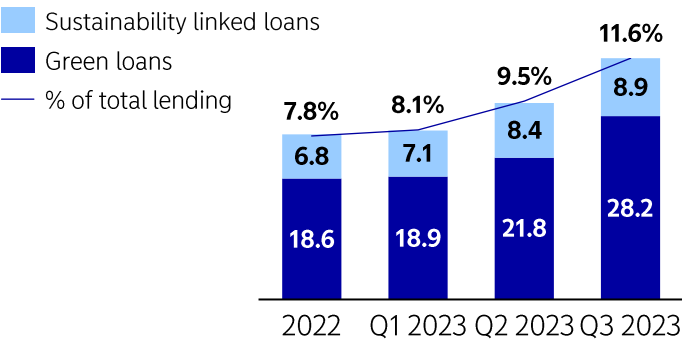
Sustainability at the core

Actively engaging to drive transition and capture growth opportunities

Channelling capital towards sustainable solutions

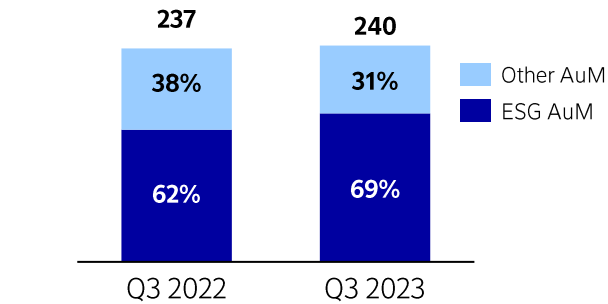
Green and sustainability linked loans

Total volumes, EURbn



Nordea Asset Management

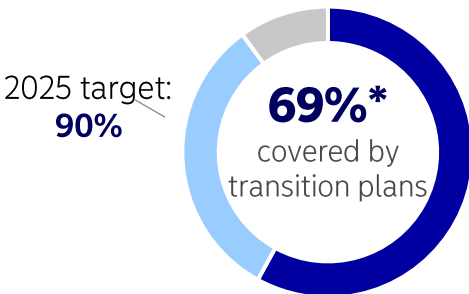
Assets under management, EURbn



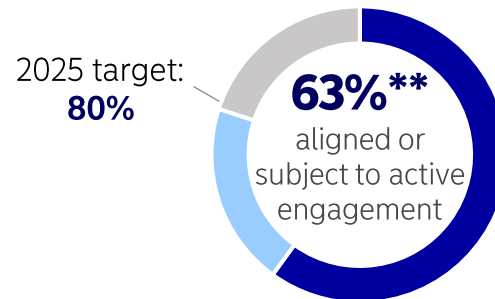
ESG AuM = article 8 and 9 funds (according to EU SFDR)

Engaging to support green transition

Transition plan for large corporates



Alignment with Paris agreement for top 200 emission contributors



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

Externally validated sustainability commitment



ESG Rating: AA (AAA to CCC)



SUSTAINALYTICS

ESG Score: 15.8 (0 to 100)**



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

S&P Global

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

Other commitments

- Co-founders of UNEP FI principles for responsible banking
- Founding members of collective commitment to climate action
- Founding member net-zero asset owner alliance (Life & Pension)
- Founding member net-zero asset manager initiative
- Joined partnership for carbon accounting financials (PCAF)
- Founding member of the Poseidon principles for the shipping industry
- Joined net-zero banking alliance

Signatories to international conventions



Nordea also follows the United Nations' Universal Declaration of Human Rights, ILO-conventions and the OECD Guidelines for Multinational Enterprises in our operations and business.

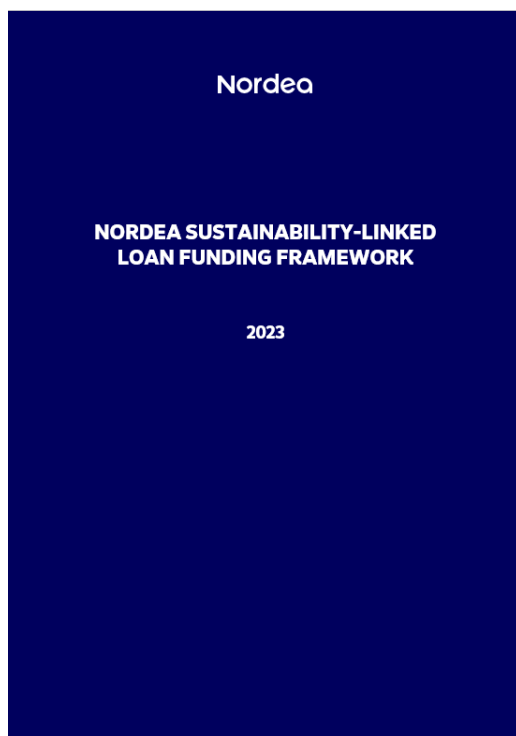
8 * Highest rating within sector is C+
** Lower score represents lower ESG risk
*** Higher score represents better sustainability practices

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Nordea sustainability linked loan funding framework



Sustainability linked loan funding framework



- The SLL funding framework allows Nordea Bank Abp to issue bonds with reference to the impact of the SLLs on Nordea's balance sheet in a Use-of-Proceeds format
- The assets in scope initially target corporates with KPIs and sustainability performance targets (SPTs) related to Climate Change Mitigation
- The framework has been reviewed by ISS ESG*, which includes an asset review of eligible SLLs
- The framework is not to be considered green or linked to green issuance
- The framework has been developed to cater for the transition assets not included in our green bond asset portfolio, but that still hold strong ESG target alignment
- Issuance under the framework do not include sustainable KPIs and SPTs linked to Nordea Bank Abp or have any variable coupons/redemptions

* ISS ESG is also providing the Second Party Opinion for Nordea's green funding framework

Innovation based on a strong sustainability knowledge and governance

Operational overview of SLL asset selection



Asset selection

To be eligible for inclusion in the portfolio, a loan must meet each of the below criteria. Only the portion of drawn amounts will be eligible for inclusion in the portfolio

Criteria for inclusion:

- Alignment with the vintage of the sustainability linked loan principles* corresponding to the year of signing of the facility
- Positive contribution to at least one of the impact objectives for Climate Change Mitigation
- Have KPIs and SPTs that are considered 'material' and 'ambitious' as assessed by an external reviewer

Nordea SLLs might have more than one set of KPIs and SPTs but the selection criteria remains focused on the KPIs specifically associated with at least one of the impact objectives for Climate Change Mitigation

The annual test of compliance will only apply to the identified KPI(s)

*As defined by Loan Market Association, Asia Pacific Loan Market Association, Loan Syndications and Trading Association

Climate change mitigation

Climate change mitigation is currently the only asset KPI included but can be expanded going forward

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">▪ Reduction of GHG Scope emissions▪ Reduction of energy consumption▪ Reduction of direct or use-phase GHG emissions▪ Reduction of activities with significant indirect GHG emissions▪ Increase in products or services with significant substitution effects <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.</p> <p>Standards and methodologies considered may include, but are not limited to:</p> <ul style="list-style-type: none">▪ Science Based Targets initiative▪ Transition Pathway Initiative▪ International Maritime Organisation

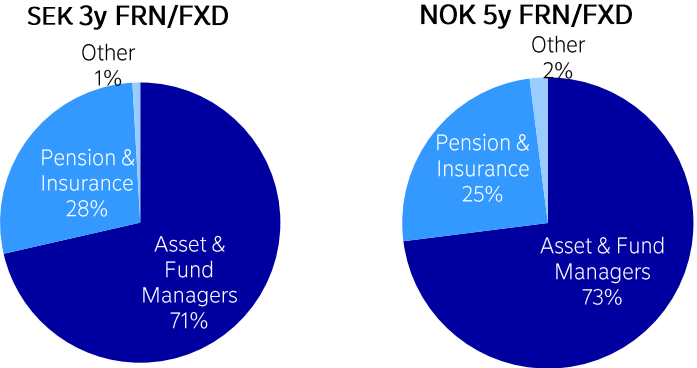


Asset review

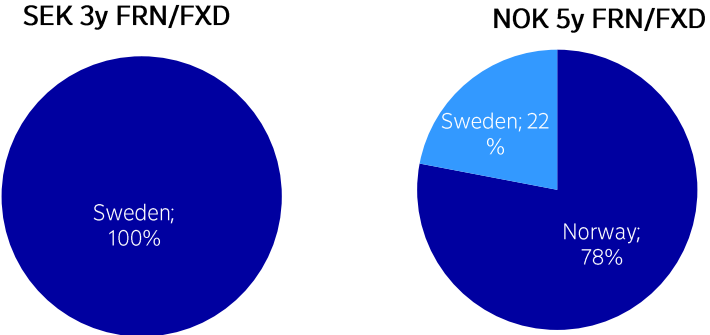
- Once suitable assets have been identified, all assets are reviewed by ISS ESG
- Review process for inclusion of assets in the portfolio:
 - Underlying loan is confirmed by ISS ESG to be aligned with the sustainability linked loan principles
 - Selected KPIs are aligned with the impact objective included in the framework and confirmed by ISS ESG
 - ISS ESG confirms that KPIs and targets in the SLLs selected are material (KPIs) and ambitious (SPTs)
- ISS ESG external review is available at:
<https://www.nordea.com/en/investors/debt-and-rating/sustainability-linked-loan-funding-framework>

Inaugural transaction under the new SLL funding framework

Allocations – investor type



Allocations – geography



Books at SEK / NOK 4.1bn

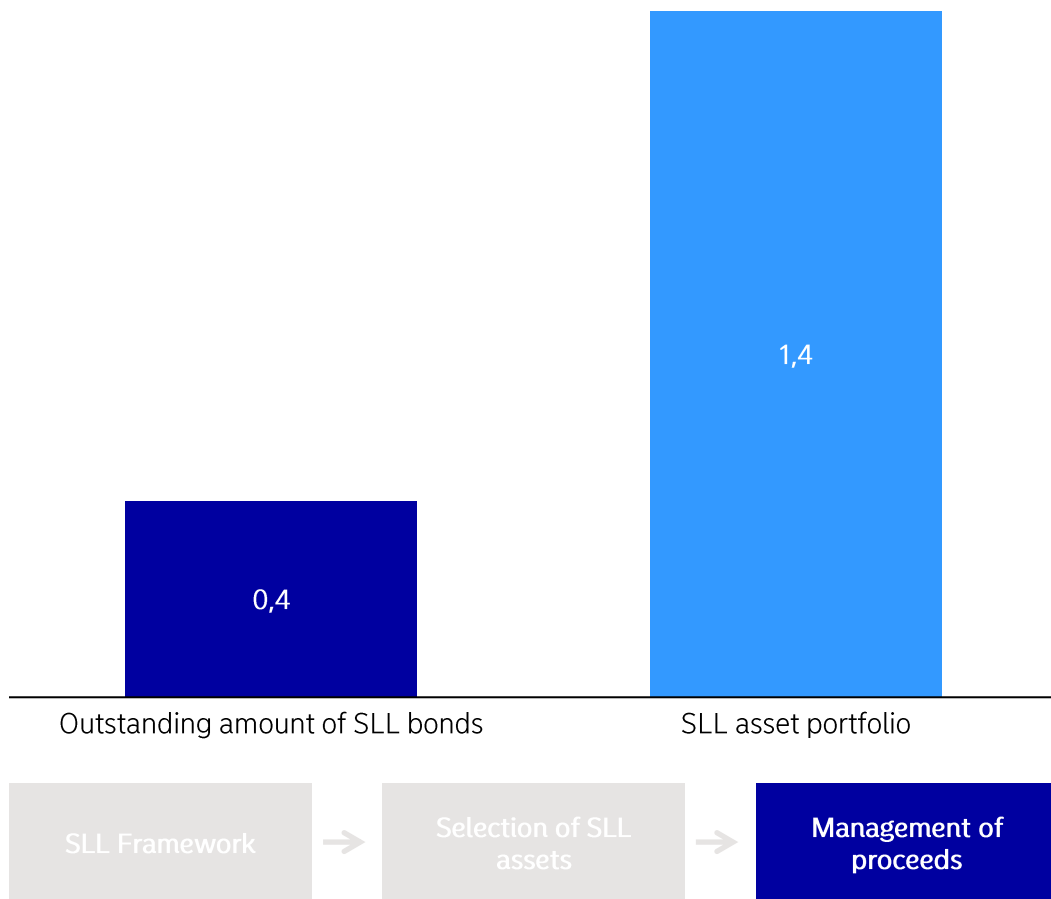
25 accounts participating

Highlights

- Nordea engaged with investors on the new framework post Q2 2022 results. On the back of strong feedback from Nordic accounts, Nordea opened books for a combined SEK/NOK 3-year and 5-year benchmark SLL senior preferred transaction on 6 September
- Final sizes for the SEK transactions were SEK 700m for the FRN tranche and SEK 2.1bn for the FXD tranche at Stibor +70bps
- In the NOK tranches, the final sizes were set at NOK 800m for the FRN tranche and NOK 500m for the FXD tranche at Nibor +110bps
- The strong interest and book building process indicates how well Nordea’s first SLL bond was received by the investors, as well as the reach of Nordea’s prestigious brand name and importance of SLL funding
- Investors include Storebrand AM, AMF, Carnegie Fonder, Danske Invest, If Skadeförsäkring AB, Handelsbanken Fonder, Nordea AM, SEB IM and Simplicity
- Top Deal Winner “to underscore the execution achievement of a financing that pushes boundaries of debt capital markets by being new or highly successful”

Use of proceeds

Assets portfolio size versus issued bonds, Q3 2023 (EURbn)



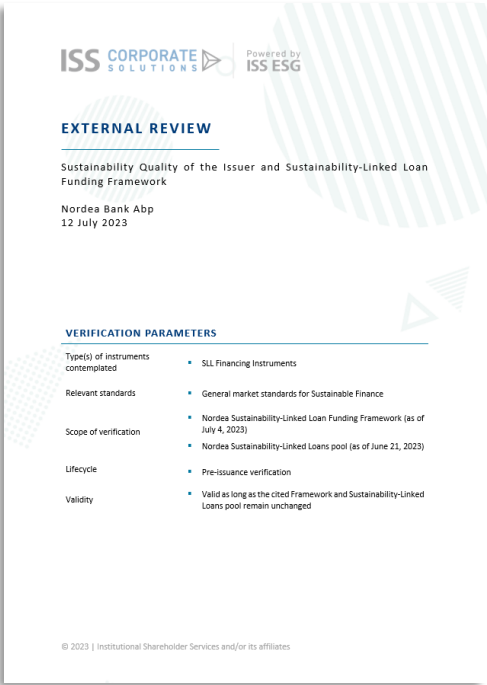
- Nordea has established a register in relation to SLL funding by Nordea for the purpose of recording the SLL funding assets and the allocation of the net proceeds from SLL funding to SLL funding assets
- The net proceeds are deposited in the general funding accounts and earmarked for allocation in the SLL funding register
- The composition and amount of SLL funding assets is internally reviewed on a quarterly basis to account for repayments and drawings
- Nordea's intention is to maintain an aggregate amount of SLL funding register that is at least equal to the aggregate amount of all outstanding Nordea SLL funding

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External review and reporting



External review – ISS ESG



KPI materiality	4 factors - Robust	Absence	Good	Robust	Robust
	2/3 factors - Good	Absence	Limited	Good	Good
	1 factor - Limited	Absence	Limited	Limited	Limited
	0 factor - Absence	Absence	Absence	Absence	Absence
SPT ambition					
		0 dimension - Absence	1 dimension - Limited	2 dimensions - Good	3 dimensions - Robust

SLLs (NACE code: H)	Borrower 1	Borrower 2	Borrower 3	Borrower 4	Borrower 5
KPIs	Robust	Good	Good	Good	Good
SPTs	Good	Good	Good	Limited	Good
Overall Assessment (KPIs and SPTs)	Robust	Good	Good	Limited	Good
Alignment with TMAK SLLP	Aligned	Aligned	Aligned	Aligned	Aligned
Risk	The identification and management of the environmental and social risks associated with the eligible SLLs are considered poor based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLLs are considered poor based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLLs are considered poor based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLLs are considered poor based upon ISS ESG assessment.	The identification and management of the environmental and social risks associated with the eligible SLLs are considered medium based upon ISS ESG assessment.
Overall evaluation	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The SLL meets the eligibility criteria.
Loan contribution to Impact Objectives	Climate Change Mitigation				

Please refer to the External Review document for a full overview

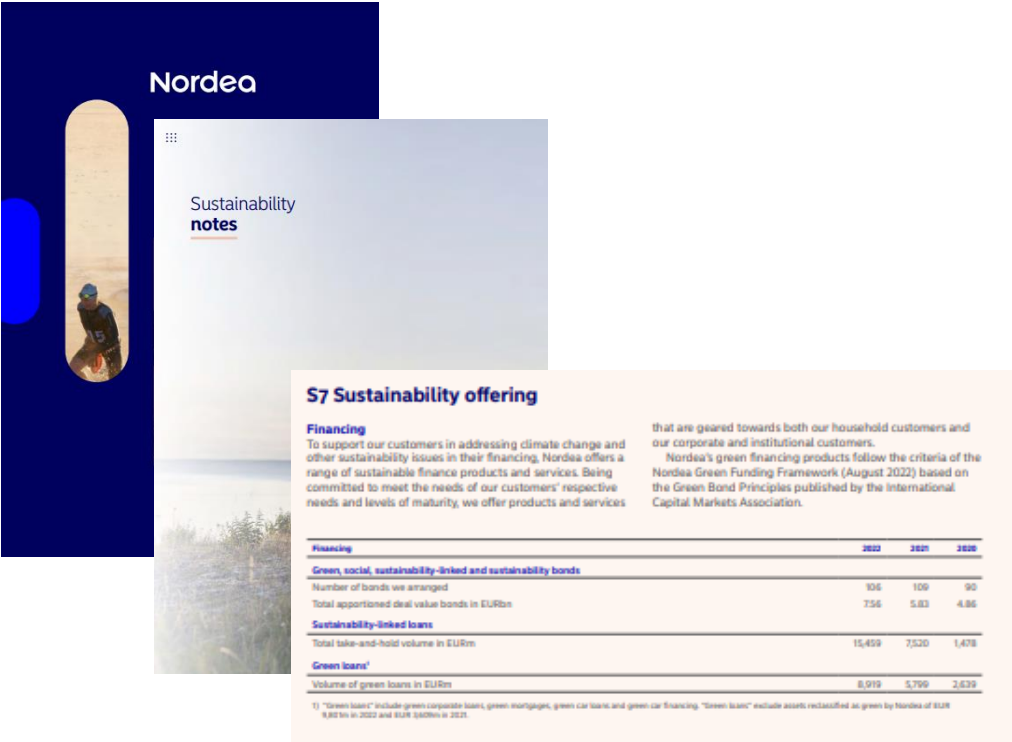
ISS ESG’s external review

- Nordea has engaged ISS ESG to act as an external reviewer of this SLL funding framework and the SLL Funding Assets
- “ISS ESG developed a tailor-made assessment methodology to provide an opinion on the robustness of this framework referring to broadly accepted market concepts, namely ‘transparency’ relevant for Sustainable Finance and aims at mitigating climate change (e.g. SLL Funding the LMA/LSTA/APLMA Sustainability-Linked Loans Principles, the ICMA Green and Social Bond Principles)”
- ISS ESG finds that the sustainability commitments defined by Nordea are relevant to its sector and business model. The sustainability objectives that the SLL Funding Framework pursues are clearly stated in line with key market guidelines such as the UN SDGs and Science-Based Targets

ISS ESG’s Nordea 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

SLL funding framework reporting



Annual SLL report

Nordea will annually publish on its website an SLL funding report that provides:

- The amount of net proceeds that have been allocated to the impact objectives and, when possible and relevant, further information related to the type, number and location of the SLL funding assets
- The remaining balance of net proceeds which have not yet been allocated to SLL funding assets
- Where appropriate and subject to confidentiality arrangements, examples of SLL funding assets that have been financed or refinanced by the net proceeds of SLL funding

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