

Nordea

Sustainable funding



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.

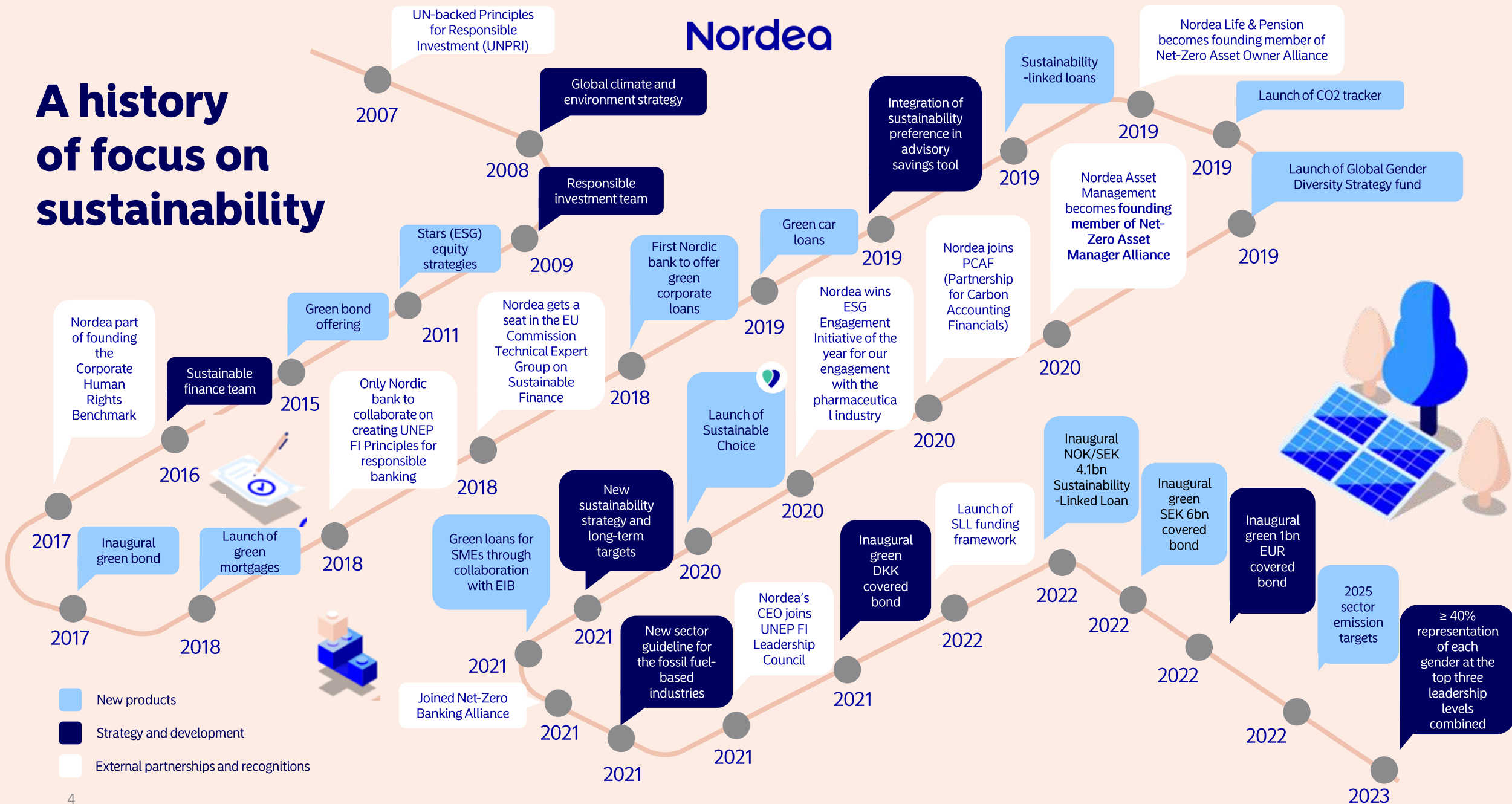
Nordea

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



40-50%

reduction in emissions across investment and lending portfolios by 2030¹



50%

reduction in emissions from internal operations by 2030¹

Gender balance

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

Sustainability at the core

Further strengthened climate targets in our lending portfolio

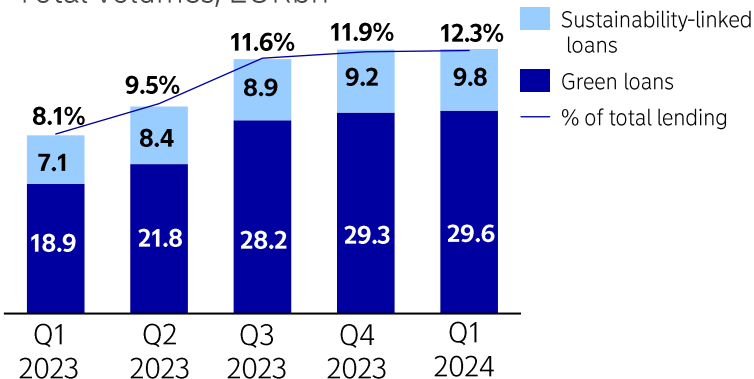
<div> 40-50% reduction in financed emissions in our lending portfolio by 2030¹</div>								Progress
								-29% (2023)
Sector	Sub-sector	Emissions scope	Metric	Base year	Baseline	Target year	Target	Current status
Residential real estate	Households and tenant-owner associations	1 and 2	kgCO ₂ e/m ²	2019	17.6	2030	-40–50%	16.6 kgCO ₂ e/m ² (2023)
Shipping	Vessels	1	AER, gCO ₂ /dwt-nm	2019	8.3	2030	-30%	8.1 AER (2022)
Motor vehicles	Cars and vans	1	gCO ₂ e/km	2022	117	2030	-40%	116 gCO ₂ e/km (2023)
Agriculture	Crops, plantation and hunting, and animal husbandry	1 and 2	tCO ₂ e/EURm	2021	738	2030	-40-50%	681 tCO ₂ e/EURm (2023)
Power production	Electricity generation	1 and 2	gCO ₂ e/kWh	2021	220	2030	-70%	117 gCO ₂ e/kWh (2022)
Oil & gas	Exploration and production	1, 2 and 3	MtCO ₂ e	2019	3.0	2030	-55%	0.4 MtCO ₂ e (2023)
Offshore	Drilling rigs and offshore service vessels within oil & gas and shipping	-	EURm	2019	1,885	2025	-100%	127 EURm (2023)
Mining	Thermal peat	-	EURm	2022	52	2025	-100%	51 EURm (2023)
	Thermal coal	-	EURm	Restrictive policy, full phase-out achieved in 2021				

Sustainability at the core

Actively engaging to drive transition and capture growth

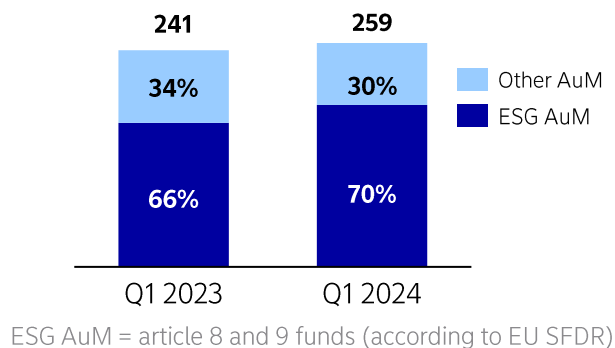
Green and sustainability-linked loans

Total volumes, EURbn

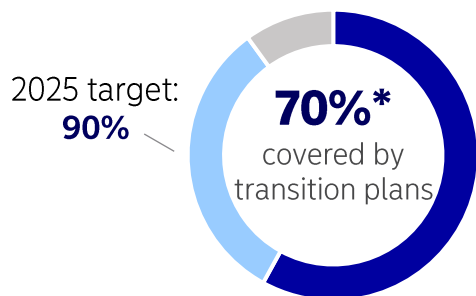


Nordea Asset Management

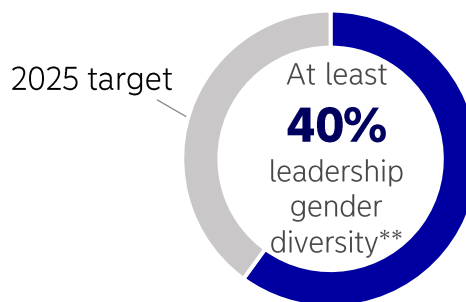
Assets under management, EURbn



Transition plan for large corporates



Leadership gender diversity



- **Facilitated EUR 144bn in sustainable financing**
Compared to target EUR >200bn by 2025
- **#1 Best bank in the world for sustainability-linked bonds (Global Finance)**
- **#1 Nordic corporate sustainable bonds and loans*****
- **#1 in active ownership in the Nordics (ShareAction)**
- **Included in the S&P Global Sustainability Yearbook for second year running**

Sustainability at the core

Externally validated sustainability commitment



ESG rating: **AA** (AAA to CCC)



SUSTAINALYTICS

ESG score: **15.8** (0 to 100)¹



Company rating: **C** (A+ to D-)²

S&P Global

CSA score: **66** (0 to 100)³

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.

Sustainability at the core

Nordea's sustainability ambitions reflected in capital markets milestones

- Expanding Nordea's green issuance into four new currencies CHF, GBP, SEK and NOK, and SLL into EUR and Tier 2 in EUR in 2023
- Broadening Nordea's footprint with sustainable investors
- Issued above EUR 5 bn Green/SLL across six currencies during 2023, now over EUR 10bn outstanding in sustainable bonds



IFR
Sustainable
Issuer of the
Year



1

Nordea



CHF 300m 5-year **green**
Senior non-preferred
Fixed rate
MS +80bp / 2.490%
Inaugural **green** CHF SNP
Largest ever Nordic CHF SNP
5 bp greenium

3

Nordea



SEK 3bn 3-year **green**
Senior non-preferred
Fixed and floating rate
3mS +125bp & MS +125bp / 4.768%
Inaugural **green** SEK SNP
Largest ever green SEK SNP
5 bp greenium

5

Nordea



EUR 1bn 3-year **green**
Covered bond
Fixed rate
MS +5bp / 3.522%
Green EUR CB
2 bp greenium

7

Nordea



SEK 6bn 5-year **green**
Covered bond
Fixed rate
MS +43bp / 3.998%
Green SEK CB
5 bp greenium

9

Nordea



NOK 7bn 5-year **green**
Covered bond
Floating rate
3mN +54bp
Green NOK CB
4 bp greenium

2

Nordea



GBP 300m 3NC2 **green**
Senior non-preferred
Fixed rate
MS +190bp / 6.012%
Inaugural **green** GBP SNP
Final book above GBP 525m
5 bp greenium

4

Nordea



NOK 1.8bn 5-year **green**
Senior non-preferred
Fixed and floating rate
3mN +145bp & MS +132bp / 5.01%
Inaugural **green** NOK SNP
Largest ever green NOK SNP
5 bp greenium

6

Nordea



EUR 1bn 3NC2 **SLL**
Senior non-preferred
Fixed to floating
MS +68bp / 4.390%
Inaugural **SLL** EUR SNP
First SLL EUR SNP ever

8

Nordea



DKK 2.3bn 4-year **green**
Covered bond tap
Floating rate
Green DKK CB
0-2 bp greenium

10

Nordea



EUR 500m 10.25NC5.25-year
Green
Tier 2
Fixed rate
Green EUR T2
5 bp greenium

Nordea

Green funding framework



Green asset categories in the framework

Percentages of the total green bond assets

Renewable energy - 15%

- Wind power
- Solar power
- Hydro power
- Intergration of renewable energy into the transmission network
- Production of hydrogen



Energy efficiency - 2%

- Energy storage and transmission, district heating



Green buildings - 65%

- Certified green buildings



Pollution prevention and control - 9%

- Water and waste water management
- Waste management
- Waste-to-energy



Sustainable management of living natural resources - 1%

- Energy storage and transmission, district heating



Clean transportation - 9%

- Electric cars
- Electric vehicles/Hydrogen fuel cell vehicles



Use of proceeds



Selection and
evaluation of green
bond assets

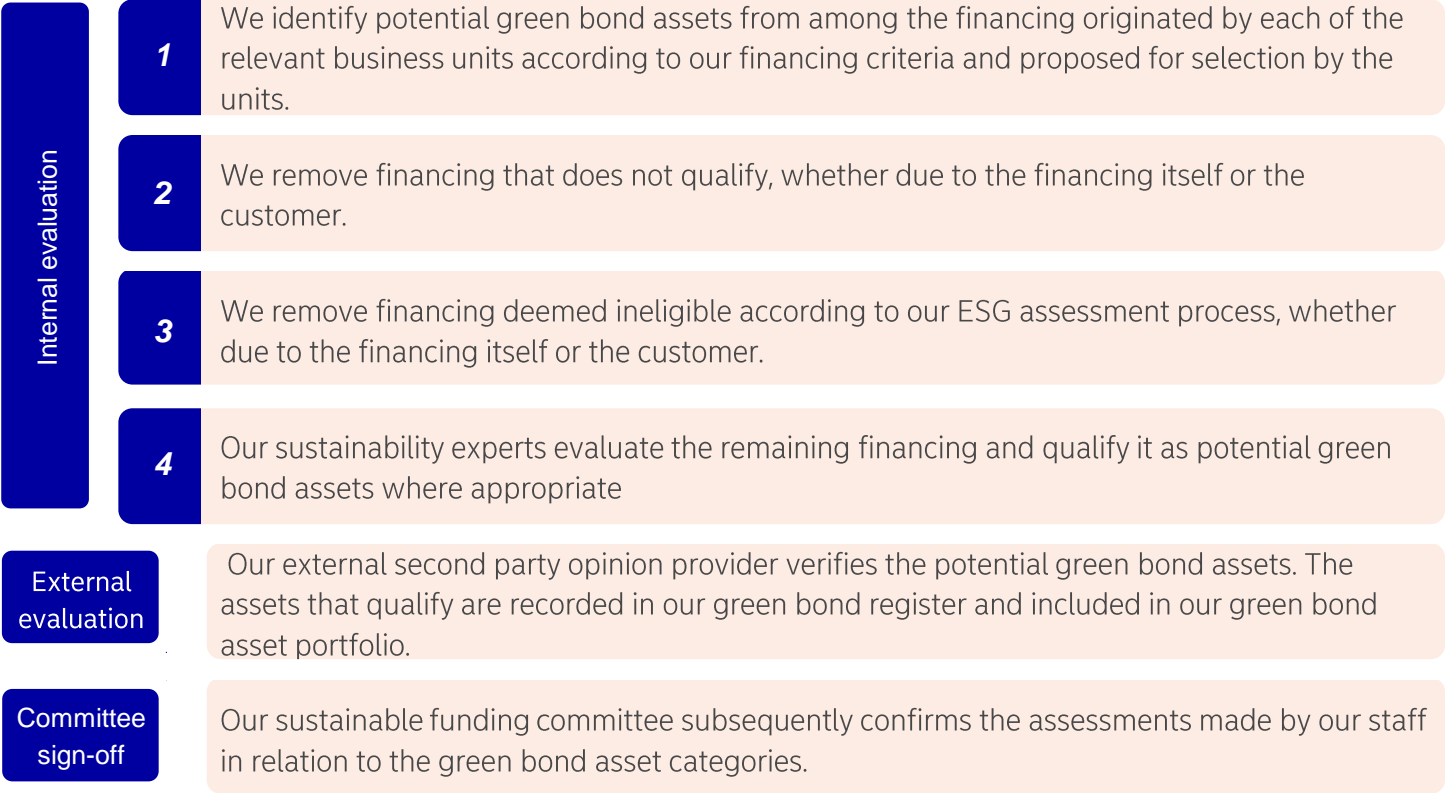


Management of
proceeds

- Nordea's green funding framework adheres the latest edition of the green bond principles and is reviewed annually, most recently in December 2023
- Net proceeds of green bonds issued will be used for (re)financing of assets within the eligible green asset categories
- Green bond asset categories have been identified by Nordea to increase positive or reduce negative impact on the environment
- Net proceeds of any Nordea green bond shall **NOT** be used towards financing of:
 - ✗ Nuclear or fossil fuel energy operations
 - ✗ Weapons and defence
 - ✗ Coal mining
 - ✗ Tobacco
- ISS Corporate provides a second party opinion (SPO) of the sustainability quality of the bonds including Nordea's green funding framework, the selection criteria and asset pool. The alignment of the green covered bond asset portfolios with the EU Taxonomy on a best-efforts basis and consistency of the instruments with Nordea's sustainability strategy

A robust decision-making process

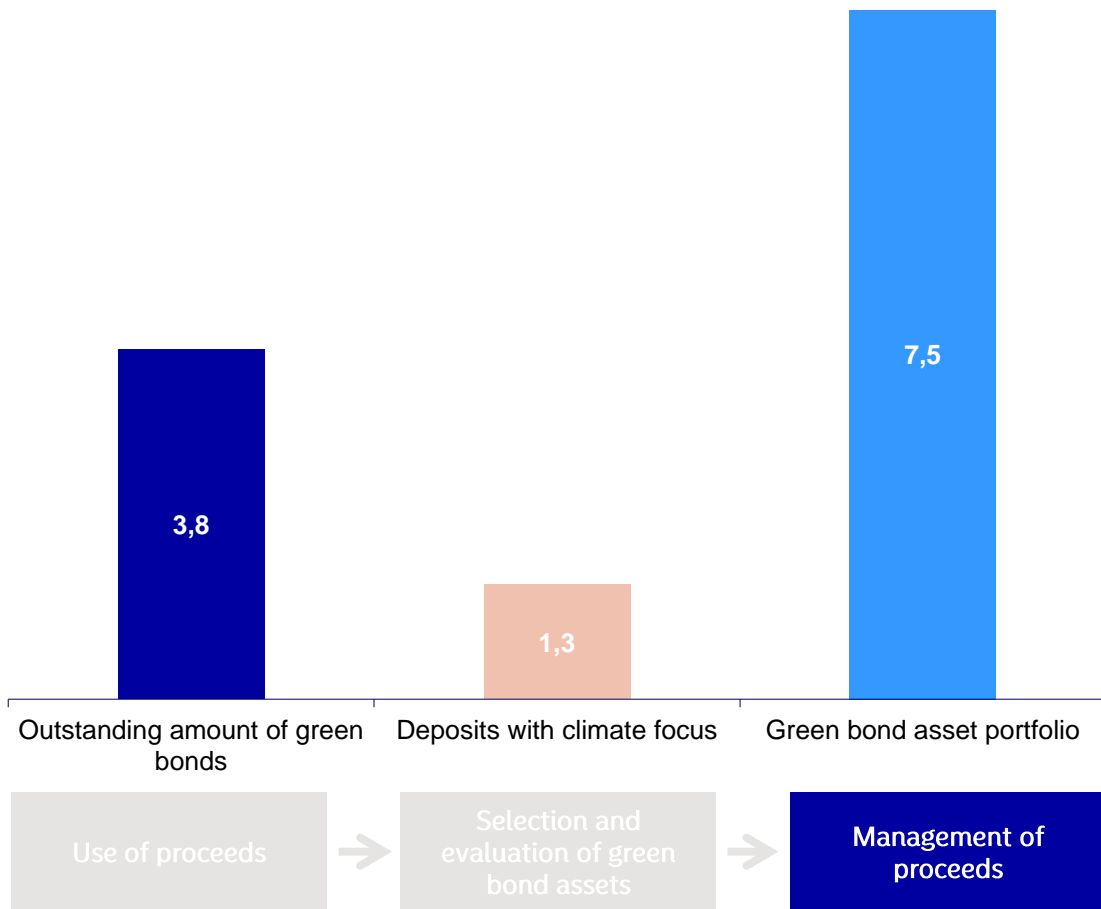
Defines how green bond assets are approved



- The sustainable funding committee – a subcommittee for ALCO (asset & liability committee) - governs the green funding framework
- The composition and amount of green bond assets is internally reviewed on a quarterly basis to account for repayments and drawings

Outstanding green bonds vs assets

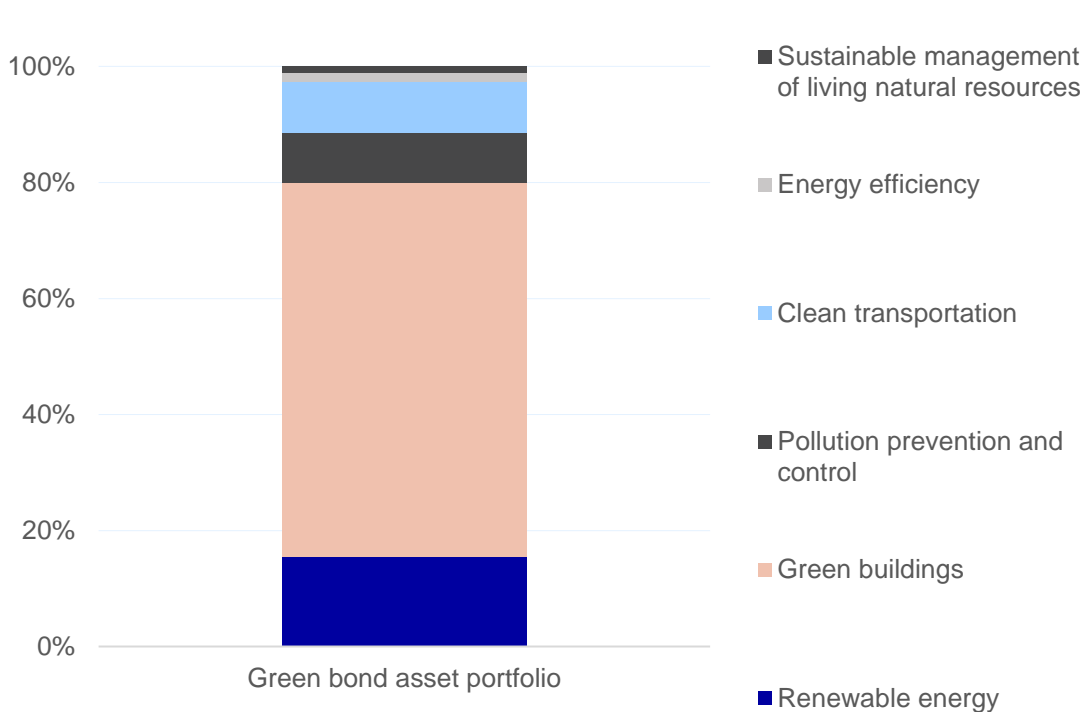
EURbn



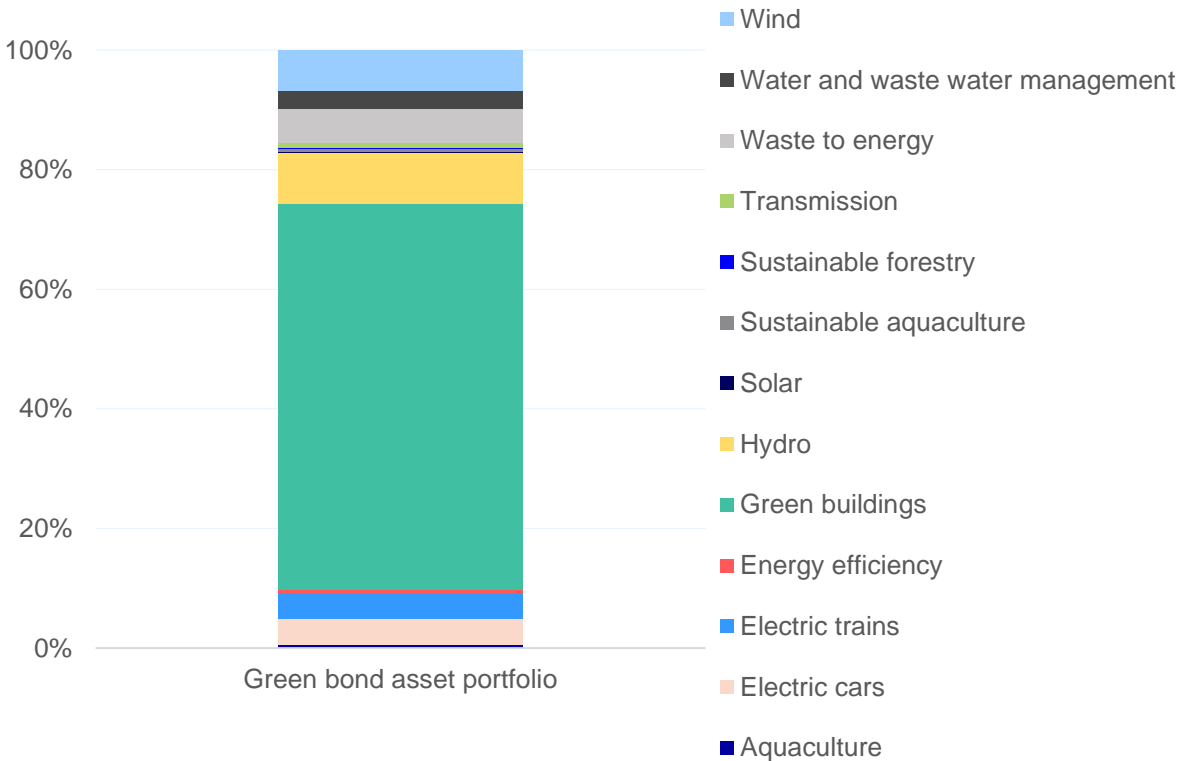
- We have established a green bond register, where we record the composition of our green bond asset portfolio and state how we intend to allocate the net proceeds of our green bonds to green bond assets
- An amount equal to the net proceeds of our green bonds and deposits is placed in our general funding accounts but can be identified in the green bond register
- We intend to maintain an aggregate amount of assets in the green bond asset portfolio at least equal to the aggregate net proceeds of all our outstanding green bonds and deposits
- Any portion of the net proceeds of green bonds or deposits not recorded in the register as allocated to green bond assets is held in accordance with our normal liquidity management policy

Green bond assets – Nordea Bank

Green bond assets – breakdown by category



Green bond assets – breakdown by subcategory



Green funding – covered bonds

Green asset categories in the framework

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



Renovations

- Major renovations or leading to a reduction of primary energy demand (PED) of at least 30%



- The net proceeds of the green covered bonds issued by either Nordea Eiendoms kreditt AS, Nordea Hypotek AB (publ), Nordea Kredit Realkreditaktieselskab, or Nordea Mortgage Bank Plc (the “MCIs”) 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

Use of proceeds



Selection and
evaluation of green
bond assets



Management of
proceeds

A robust decision-making process

Defines how green covered bond assets are approved

1

The Nordea MCIs identify potential green covered bond assets from among the financing originated according to their financing criteria (including the regulatory cover pool eligibility criteria) and proposed for selection by the business units.

2

The MCIs remove financing that does not qualify, whether due to the financing itself or the customer.

3

Our sustainability experts evaluate the remaining financing and qualify it as potential green covered bond assets where appropriate.

4

Our green covered bond committee reviews the potential green covered bond assets. The assets that qualify are recorded in the relevant green covered bond register and included in the relevant green covered bond asset portfolio.

- The green covered bond committee is a subcommittee of the SFC. It meets to review potential green assets on a quarterly basis
- The proceeds of green covered bond issues are allocated to green covered bond assets at the portfolio level
- The proceeds are thus intended to be allocated, directly or indirectly, to all assets in the green covered bond asset portfolio in equal shares

Use of proceeds



Selection and
evaluation of green
bond assets

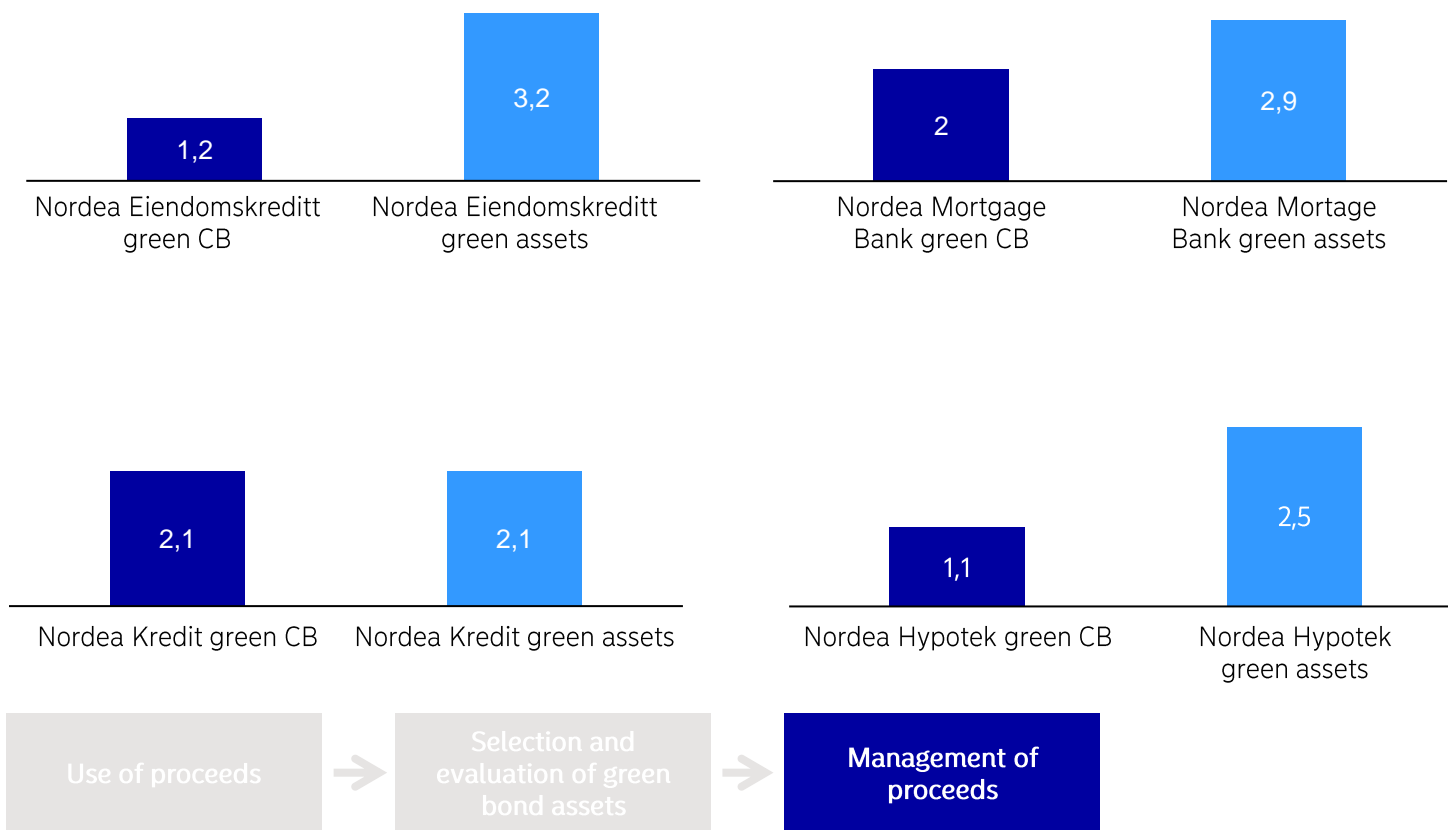


Management of
proceeds

Green funding – covered bonds

Outstanding green covered bonds vs assets

EURbn



- We have established green covered bond registers recording composition of the green covered bond asset portfolios and state how we intend to allocate the net proceeds of green covered bonds issued by the Nordea MCIs to green covered bond assets
- The green covered bond registers are separate from the other registers kept by the Nordea MCIs for regulatory, governance, monitoring and other purposes related to the covered bonds and the covered pools

Sustainability-linked loan funding framework



Sustainability-linked loan criteria

Climate change mitigation is currently the only asset KPI

SLL Principles

- Alignment with the vintage of the original SLL Principles (LMA, APLMA, LSTA) corresponding to the facility's year of signing.

KPIs and SPTs

- Key performance indicators (KPIs) and targets (SPTs) that are considered "material" and "ambitious", as assessed by an external reviewer.

Positive contribution to at least one of the climate change KPIs:

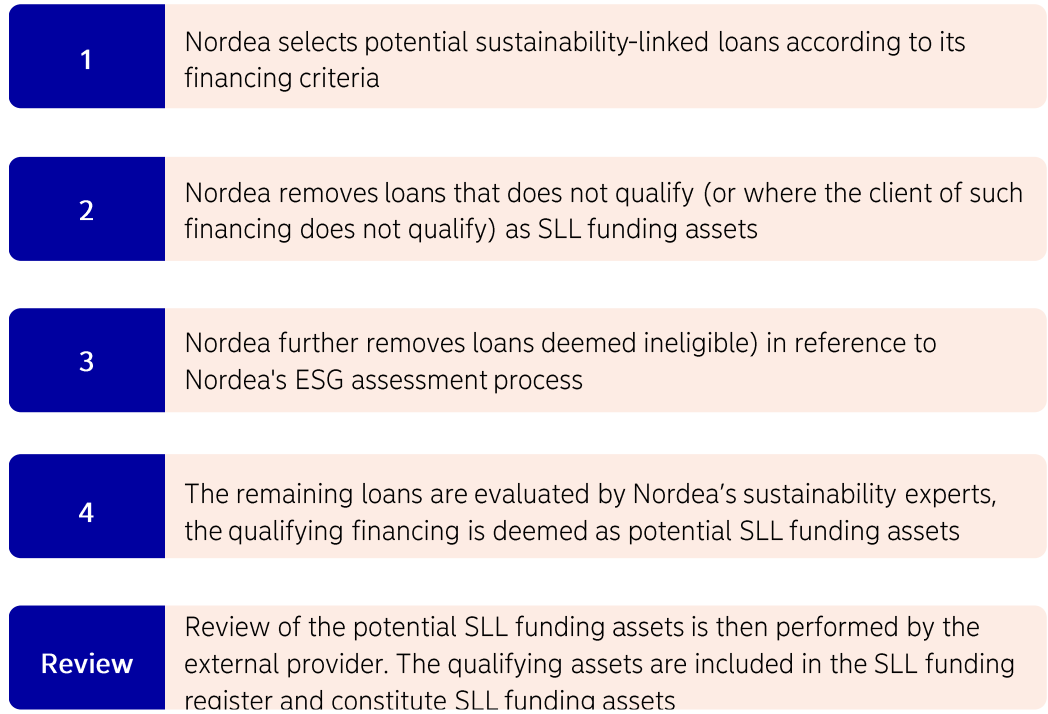
- Climate change mitigation covers activities focused on action to combat climate change and its impacts. KPIs considered may include, but are not limited to:
 - Reduction of GHG Scope emissions
 - Reduction of energy consumption
 - Reduction of direct or use-phase GHG emissions
 - Reduction of activities with significant indirect GHG emissions
 - Increase in products or services with significant substitution effects
- Standards and methodologies considered may include, but are not limited to:
 - Science based targets initiative
 - Transition pathway initiative
 - International Maritime Organisation



- 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 ESG¹, 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

Operational overview of SLL asset selection

Innovation based on knowledge and strong governance

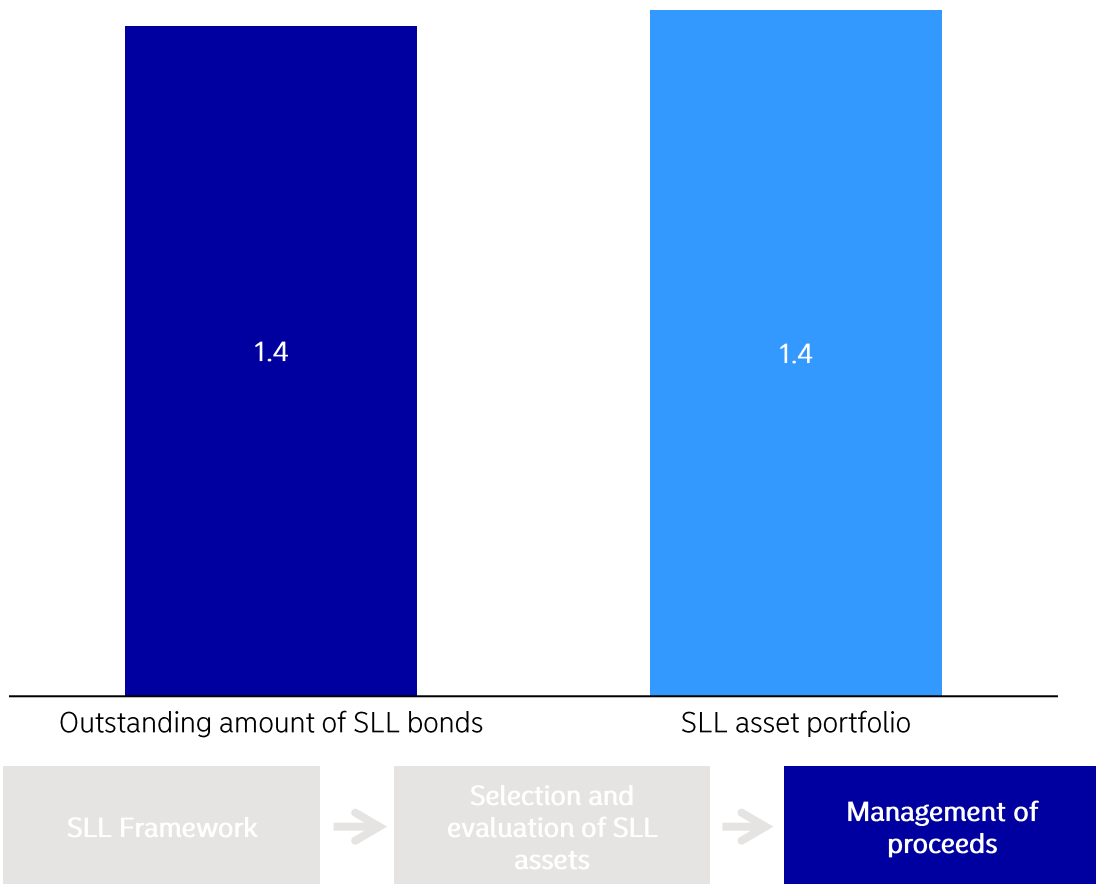


Asset review

- 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 [here](#)

Outstanding bonds vs assets

EURbn



- All SLL funding assets are recorded in a register which manages 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
- SLL that fail to meet the agreed targets are removed from the register

Nordea

External review and reporting



Green funding

Second party opinion by ISS ESG

ISS-CORPORATE

SECOND PARTY
OPINION (SPO)

Sustainability Quality of the Issuer and Asset Pool

Nordea Bank Abp

31 January 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Green Bonds, Green Covered Bonds and Green Deposits

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- EU Taxonomy Climate Delegated Act (as of June 2023)

Scope of verification

- Nordea Green Funding Framework (as of December 21, 2023)
- Nordea Green Bond asset portfolio (as of November 28, 2023)
- Nordea Green Covered Bond portfolios (as of November 28, 2023)

Lifecycle

- Post-issuance verification

Validity

- This SPO is valid for Nordea's outstanding Green Bond and Green Covered Bond issuances and as long as the asset portfolio does not change, until the first to occur of (a) the release of the next annual verification of these issuances (expected in 2024) or (b) December 31, 2024.

www.iss-corporate.com

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SPO SECTION	SUMMARY	EVALUATION
Part IA: Alignment with ICMA GBP	The Issuer has defined a formal concept for its Green Bonds and Green Covered Bonds, regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green Bond Principles. This SPO covers the assets of Nordea Bank and Nordea's wholly owned subsidiaries Nordea Kredit Realkreditaktieselskab, Nordea Mortgage Bank Plc, Nordea Eiendoms-kreditt AS and Nordea Hypotek AB (publ) (the "Nordea MCIs").	Aligned
Part II: Sustainability quality of the Selection Criteria	<p>The Green Bonds will (re)finance eligible asset categories which include: Renewable Energy (Wind, Solar, hydropower), Green Buildings, Pollution Prevention and Control, Clean Transportation, Energy Efficiency and Sustainable Management of Living Resources.</p> <p>Product and/or service-related use of proceeds categories⁴ individually contribute to one or more of the following SDGs:</p> <div><div>6</div><div>7</div><div>11</div><div>13</div><div>14</div><div>15</div></div> <p>Process-related use of proceeds categories⁵ individually improve (i) the Issuer's/Borrower's operational impacts and (ii) mitigate potential negative externalities of the Issuer's/Borrower's sector on one or more of the following SDGs:</p>	Positive

Highlights from second party opinion by ISS ESG

- The Issuer has defined a formal concept for its green bonds and green covered bonds, regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green Bond Principles
- Nordea's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2023), **on a best-efforts basis**. The nominated green covered bonds are considered to be:
 - Aligned with the climate change mitigation criteria.
 - Some do no significant harm criteria have not been met due to a lack of available information
- The key sustainability objectives and the rationale for issuing green finance instrument are clearly described by the issuer. The majority of the project categories considered are in line with the sustainability objectives of the issuer
- The second party opinion is available [here](#)

Green funding

Nordea Bank sustainable funding report

Category	Subcategory	Impact measurement indicators	
Renewable energy	Wind, hydro, solar and hydrogen production	Installed renewable energy production capacity (MW)	Estimated CO2e emissions avoided relative to baseline
Energy efficiency	Energy transmission, energy storage, district heating	Amount of energy saved (MWh)	Estimated CO2e emissions avoided
Green buildings	Green buildings	Amount of energy saved (MWh)	Estimated CO2e emissions avoided
Pollution prevention and control	Water and waste water management, waste management	Water withdrawal or treatment capacity (m3/day or t/day)	Estimated CO2e emissions avoided relative to baseline
	Conversion of waste to energy	Production capacity (MW)	
Clean transportation	Public transport / freight transport	Estimated CO2e emissions avoided	
Sustainable management of living natural resources	Sustainable forestry, agriculture and aquaculture	Land area certified	CO2e emissions per kilo produced

Sustainable funding reporting contents

- the amount of net proceeds allocated within each green bond asset category and, when possible and relevant, information on the type, number and location of green bond assets included in each category
- the remaining balance of net proceeds not yet allocated to green bond assets
- where appropriate and subject to confidentiality arrangements, examples of green bond assets financed or refinanced by the net proceeds of green bonds
- Information on environmental impacts of the green bond assets

It is Nordea’s intention to report these figures on an annual basis as long as we have green bonds outstanding

Sustainability-linked loan funding

External review by ISS ESG

ISS CORPORATE SOLUTIONS

Powered by ISS ESG

EXTERNAL REVIEW

Sustainability Quality of the Issuer and Sustainability-Linked Loan Funding Framework

Nordea Bank Abp
17 August 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

▪ SLL Financing Instruments

Relevant standards

▪ General market standards for Sustainable Finance

Scope of verification

▪ Nordea Sustainability-Linked Loan Funding Framework (as of July 4, 2023)
▪ Nordea Sustainability-Linked Loans pool (as of June 21, 2023)

Lifecycle

▪ Pre-issuance verification

Validity

▪ Valid as long as the cited Framework and Sustainability-Linked Loans pool remain unchanged

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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
		0 dimension - Absence	1 dimension - Limited	2 dimensions - Good	3 dimensions - Robust

SLLA (NACE code: 10)	Borrower 1	Borrower 2	Borrower 3	Borrower 4	Borrower 5
KPIs	Robust	Good	Good	Good	Good
SPIs	Good	Good	Good	Limited	Good
Overall Assessment (KPI and SPI)	Robust	Good	Good	Limited	Good
Alignment with LMA SLLP	Aligned	Aligned	Aligned	Aligned	Aligned
Risk	The identification and management of the environmental and social risks associated with the eligible SLL are considered poor based upon ISS ESG assessment. The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The identification and management of the environmental and social risks associated with the eligible SLL are considered poor based upon ISS ESG assessment. The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The identification and management of the environmental and social risks associated with the eligible SLL are considered poor based upon ISS ESG assessment. The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The identification and management of the environmental and social risks associated with the eligible SLL are considered poor based upon ISS ESG assessment. The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.	The identification and management of the environmental and social risks associated with the eligible SLL are considered medium based upon ISS ESG assessment. The SLL meets the eligibility criteria.
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

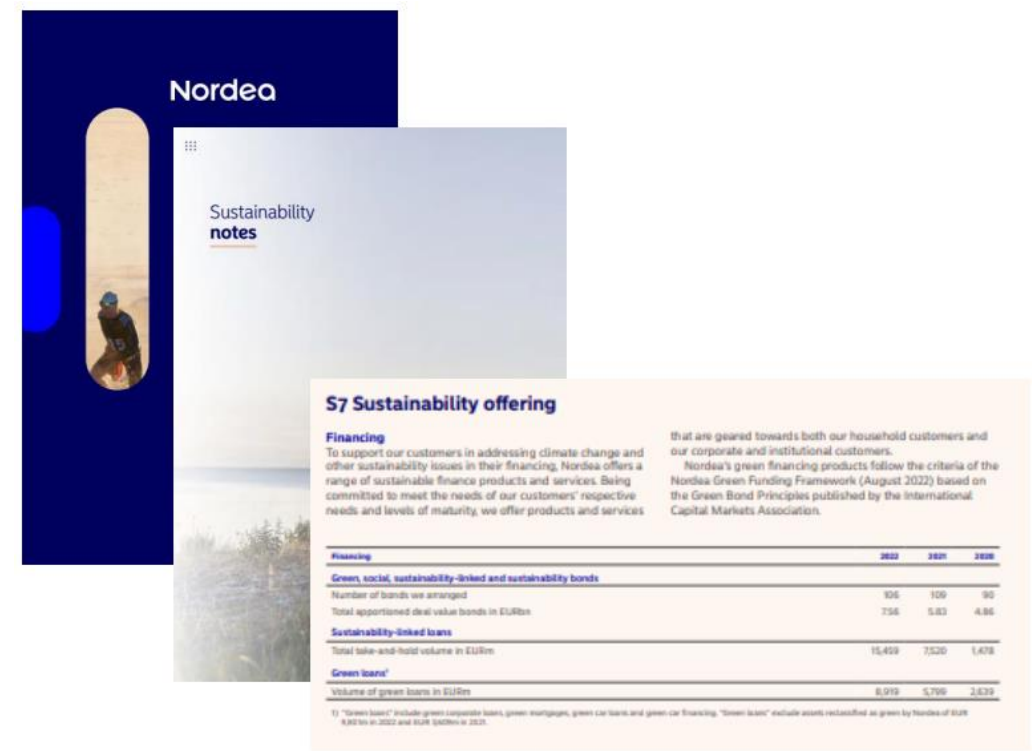
- The External review is available [here](#)

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

Sustainability-linked loan funding

SLL funding framework reporting



Annual SLL bond report

SLL bond report is published annually and includes:

- 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
- The Nordea 2023 SLL bond report is available [here](#)

Contacts:

Investor Relations

Maria Caneman
Head of Debt IR and Ratings
Mobile: +46 768 24 92 18
Tel: +46 10 156 50 19
maria.caneman@nordea.com

Juho-Pekka Jääskeläinen
Senior IR Officer
Mobile: +358 40 550 91 11
Tel: +358 9 5300 6435
juho-pekka.jaaskelainen@nordea.com

Group Treasury

Anders Frank-Læssøe
Group Treasurer, Head of Group Treasury
Tel: +45 55477672
Mobile: +45 61612157
anders.frank@nordea.com

Ola Littorin
Head of Long Term Funding
Tel: +46 8 407 9005
Mobile: +46 708 400 149
ola.littorin@nordea.com

Petra Mellor
Head of Bank Debt
Tel: +46 8 407 9124
Mobile: +46 70 277 83 72
petra.mellor@nordea.com