

**Green Bond
Investor Report 2021**

**Nykredit
Group**



About this report

Nykredit has issued six green covered bonds and one senior non-preferred green bond. This report provides an overview of the allocation of proceeds from the bonds and the environmental impact achieved through the projects financed.

Nykredit's Green Bond Framework has been established in compliance with the ICMA's Green Bond Principles (GBP).

Sustainalytics has provided a second-party opinion on the framework and considers it to be robust, credible and transparent, and in alignment with the four core components of the ICMA's Green Bond Principles.

Nykredit has also engaged with Sustainalytics for verification of this report to ensure compliance with the criteria for the assets set out in the Green Bond Framework. The verification report is available at [Nykredit.com/greenbonds](https://nykredit.com/greenbonds).

This Green Bond Investor Report 2021 has been prepared solely for informational purposes and does not constitute an offer to sell.

This report covers the environmental impact of the green loans financed by Nykredit at year-end 2021.



Sustainability at Nykredit

Nykredit was founded by our customers and is still to this day predominantly owned by an association of customers, Forenet Kredit, which is the majority shareholder of Nykredit.

Being owned by more than one million customers gives us a special responsibility for operating our business in ways that create value for them and for society. This manifests itself when we:

- Share our success with our customers. Forenet Kredit wants the dividend it receives from Nykredit and its subsidiaries to benefit our customers. The association has therefore decided to make contributions to the Nykredit Group, which we pass on to our customers as discounts;
- Make a pledge to be active and support development and growth throughout Denmark - at all times and to do our best to create a greener Denmark for future generations;
- Strive to help society meet the goal of reducing greenhouse gas emissions.

Our commitment to responsibility and sustainability is integrated as one of three main objectives in our strategy. Our strategy and efforts are reported on in our Corporate Responsibility Report 2021.

Supporting the green transition

Nykredit has pledged to support the green transition. We are working towards reducing CO₂ emissions on our loans and investments in order to be in line with the Paris Agreement and the 2030 targets of the Danish Climate Acts to reduce emissions by 70%.

There are four elements in the way we support the green transition:

- We are striving to reduce our greenhouse gas emissions. We have set ambitious targets on our operations and our investments.
- We are making it easier and cheaper for clients to make green choices. We promote green and sustainable solutions through customer dialogue and a broad range of green and sustainable products.
- We incorporate sustainability in our credit, risk and property value management practices.
- We are working to obtain better sustainability data in order for our efforts to be based on a solid and credible foundation.

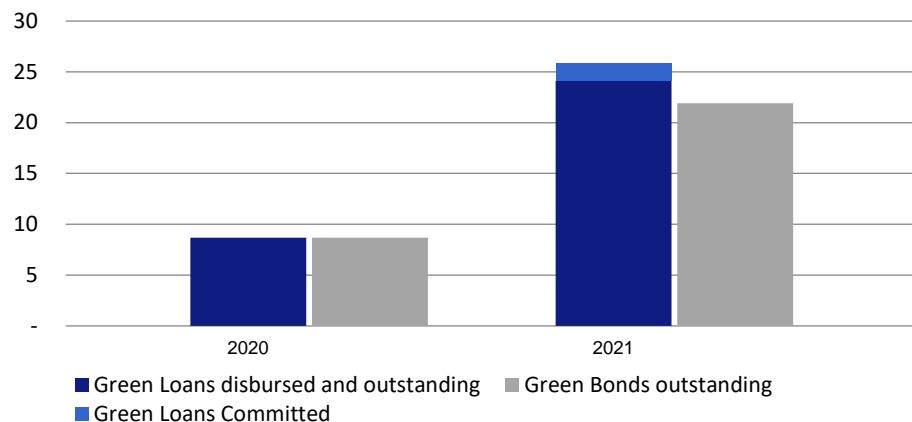


Rødsand 2 Offshore Wind Farm, Denmark

Executive summary

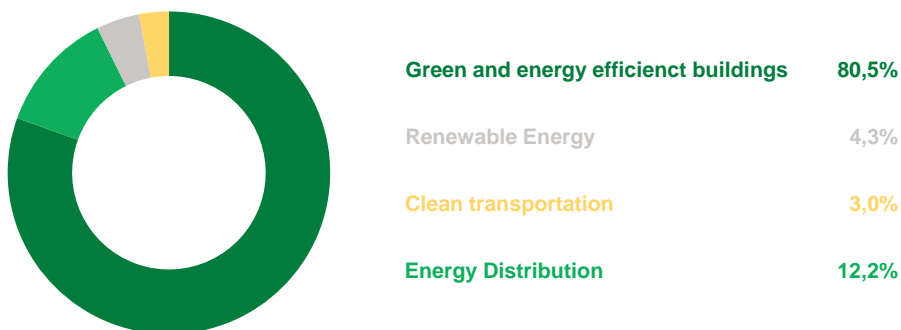
Green Bonds Issuance and Green Loan Portfolio

DKK bn



Green Loan distribution

Based on disbursed amounts



CO₂e impact and key indicators of green loans

Further details can be found on the following pages

Categories	Outstanding disbursed amounts (DKK mn)	Annual emissions avoided (tCO ₂ e)	Impact (tCO ₂ e/DKK mn)
Green and energy efficient buildings	19,414.4	3,541.5	0.2
Renewable energy	1,043.1	105,060.0	100.7
Clean transportation	719.1	6,611.1	9.2
Energy distribution	2,940.4	n/a	n/a
Total	24,116.9	115,213.2	
Disbursed amount with CO₂e impact	21,176.6		
Impact, tCO₂e pr. DKK mn			5.4

Attribution to Nykredit Green Bond Investors

Total outstanding green bonds divided by total outstanding and disbursed loan amounts

91%
Equivalent of

4.94
tCO₂e/DKK mn

Methodology

Key reporting principles

The reporting on environmental impact is based on the ICMA's guidelines for Green Bond Principles (December 2020) and the Nordic Public Sector Issuers' Position Paper on Green Bonds Impact Reporting (February 2020).





Full year impact is accounted for regardless of when an asset is included in the Green Asset Register. The reporting period is based on one financial year. The reported distribution and impact are based on the status of the Green Asset Register as at December 31, 2021. Impact is calculated on a project-by-project basis but reported at aggregated portfolio level.

Impact methodology

Calculation methods, assumptions and relevant baselines are specified below. It should be noted that calculation of environmental impact is subject to uncertainties which cannot be entirely eliminated.

Only impact resulting from Nykredit's share of the financing is calculated and reported on. Nykredit reports on the basis of the share of the project's total investment cost that has been financed with proceeds from the green bond.

As regards green covered bonds, the reported impact is based on amounts disbursed and outstanding for a project. As regards the green senior non-preferred bond, the impact is calculated for a volume of eligible green loans equivalent to the volume of bonds issued.

	Calculation of avoided emissions	Parameters and assumptions
	Green and energy efficient buildings Emission factor of heating source (gCO ₂ e/kWh) * (Expected annually energy demand for financed building (kWh) – expected energy demand for reference building (kWh))	Parameters and assumptions Baseline emissions factor: <ul style="list-style-type: none"> Electricity: 315 gCO₂e/kWh (Nordic Public Sector Issuers: Green bond reporting guidance 2020) District heating: 65 gCO₂e/kWh (Source: The Danish Energy Agency) Baseline energy demand: Green buildings situated in Denmark are benchmarked against the requirements set by the building code BR08, which corresponds to a national EPC B label. The requirements for expected energy consumption in BR08 are measured to be in line with the requirements set out in the Swedish building code BBR24 (2016), which is used for Swedish buildings (Source: MOE). An electricity-heating ratio of 11:89 for multi-dwellings and 29:71 for office buildings is applied for Danish and Swedish buildings (Source: MOE).
	Renewable energy (Baseline emission factor (gCO ₂ e/kWh) – asset specific emission factor (gCO ₂ e/kWh)) * annual production of energy (kWh)	Baseline emissions factor: 315 gCO ₂ e/kWh (Nordic Public Sector Issuers: Green bond reporting guidance 2020) Emissions factor for renewable energy (solar and wind): 0 gCO ₂ e/kWh
	Clean transportation (Alternative fuel-based emission factor (gCO ₂ e/km) – vehicle specific emission factor (gCO ₂ e/km)) * annual kilometers (km)	Alternative fuel-based transportation: 144 gCO ₂ e/km (Source: Danish Center for Environment and Energy (DCE)) Vehicle specific emissions: Based on WLTP data. In the absence of vehicle specific data, estimates calculated by the DCE for each fuel type are used. Average driving distance for Danish cars: 20,000 km/year (Source: DCE)
	Energy distribution N/a (no avoided CO ₂ emissions are reported for the specific project financed under this category).	

Green and energy efficient buildings



Buildings account for 40% of energy consumed and 36% of energy-related greenhouse gas emissions in the EU (European Commission). More energy efficient green buildings play an important role in fulfilling the climate ambitions.

With the updated Green Bond Framework from 2020, Nykredit widened the range of eligible green assets to include energy renovated buildings and more types of buildings such as buildings with a cultural, social or educational purpose. The emissions avoided are calculated to be 3,542 tCO₂e when benchmarked against the national building code (see the methodology section). This figure would increase to approx. 5,464 tCO₂e if benchmarked against a national reference building.

Key data

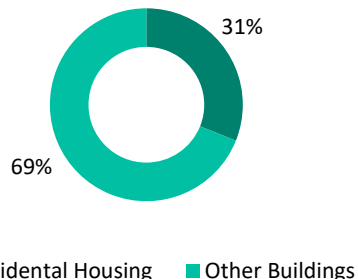
Total amount disbursed 19,414 DKKm	No. of green building projects 129 projects
Total energy savings 31,346 MWh	Annual GHG emissions avoided 3,542 tCO ₂ e
Impact 0.18 tCO ₂ e per DKKm	

Primary UN SDG contribution



Affordable and clean energy

Outstanding amount disbursed



Primary EU Taxonomy Environmental objective



Climate change mitigation



VIA University College, Denmark

Nykredit has provided a green mortgage loan to VIA University College's campus in Aarhus, Denmark. The campus has an A2015 energy label.

VIA University College is a University College with around 19,000 students. VIA University College is located in eight different campuses around Jutland, Denmark.

The campus financed is a facility for eleven different educations, some of which are focusing on building construction.

Renewable energy



Production and use of energy accounts for 75% of the EU's greenhouse gas emissions (European Commission). The transition from fossil fuels to renewable energy plays a crucial part in the decarbonization of the energy sector.

Investments in renewable energy are necessary in order to increase production and reduce greenhouse gas emissions.

Nykredit has provided green financing for the establishment of solar and wind energy.

Key data

Total amount disbursed 1,043 DKKm	No. of renewable energy projects 4 projects
Estimated installed capacity 365 MW	Estimated annual energy production 506 GWh
Annual GHG emissions avoided 105,060 tCO ₂ e	Impact 100.72 tCO ₂ e per DKKm

Primary UN SDG contribution



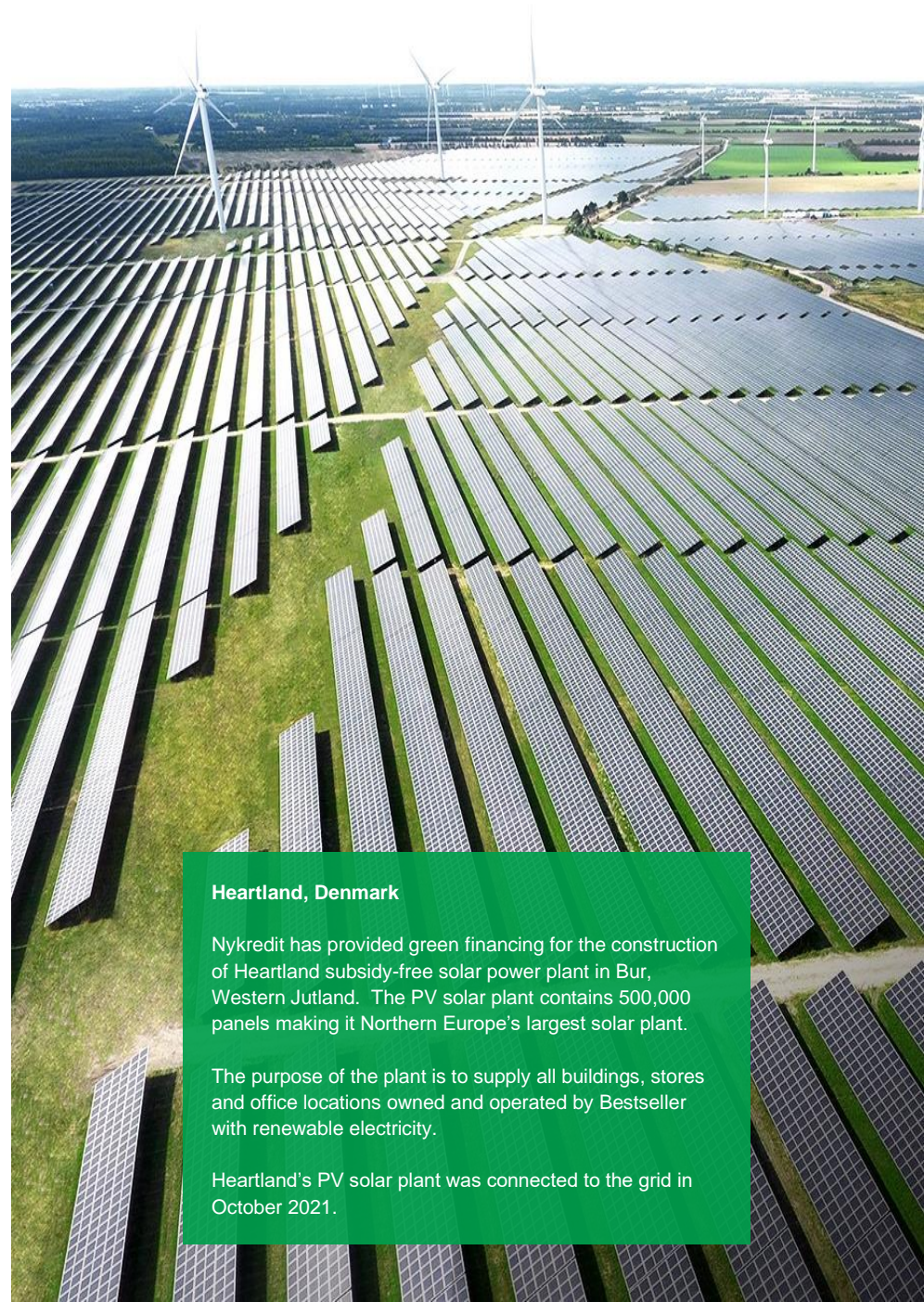
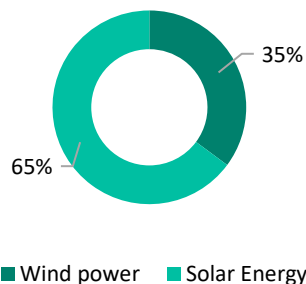
Affordable and clean energy

Primary EU Taxonomy Environmental objective



Climate change mitigation

Outstanding amount disbursed



Heartland, Denmark

Nykredit has provided green financing for the construction of Heartland subsidy-free solar power plant in Bur, Western Jutland. The PV solar plant contains 500,000 panels making it Northern Europe's largest solar plant.

The purpose of the plant is to supply all buildings, stores and office locations owned and operated by Bestseller with renewable electricity.

Heartland's PV solar plant was connected to the grid in October 2021.

Clean transportation



The ongoing replacement of fossil fuel vehicles with zero-emission vehicles is essential on the journey towards decarbonization in the transport sector which account for almost 25% of the EU’s greenhouse gas emissions. Passengers cars are responsible for around 12% (European Commission).

Nykredit provides green loans at a reduced price when financing electric or plugin-hybrid cars (below 50 gCO_{2e}/km), thereby contributing to lowering greenhouse gas emissions from new passenger cars.

Key data

Total amount disbursed 719 DKKm	No. of low and zero emission cars financed 2,841 cars
Annual GHG emissions avoided 6,611 tCO _{2e}	Impact 9.19 tCO _{2e} per DKKm

Primary UN SDG contribution



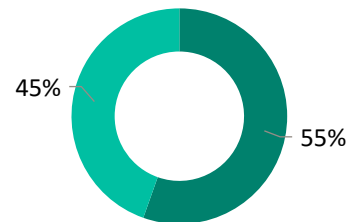
Sustainable cities and communities

Primary EU Taxonomy Environmental objective

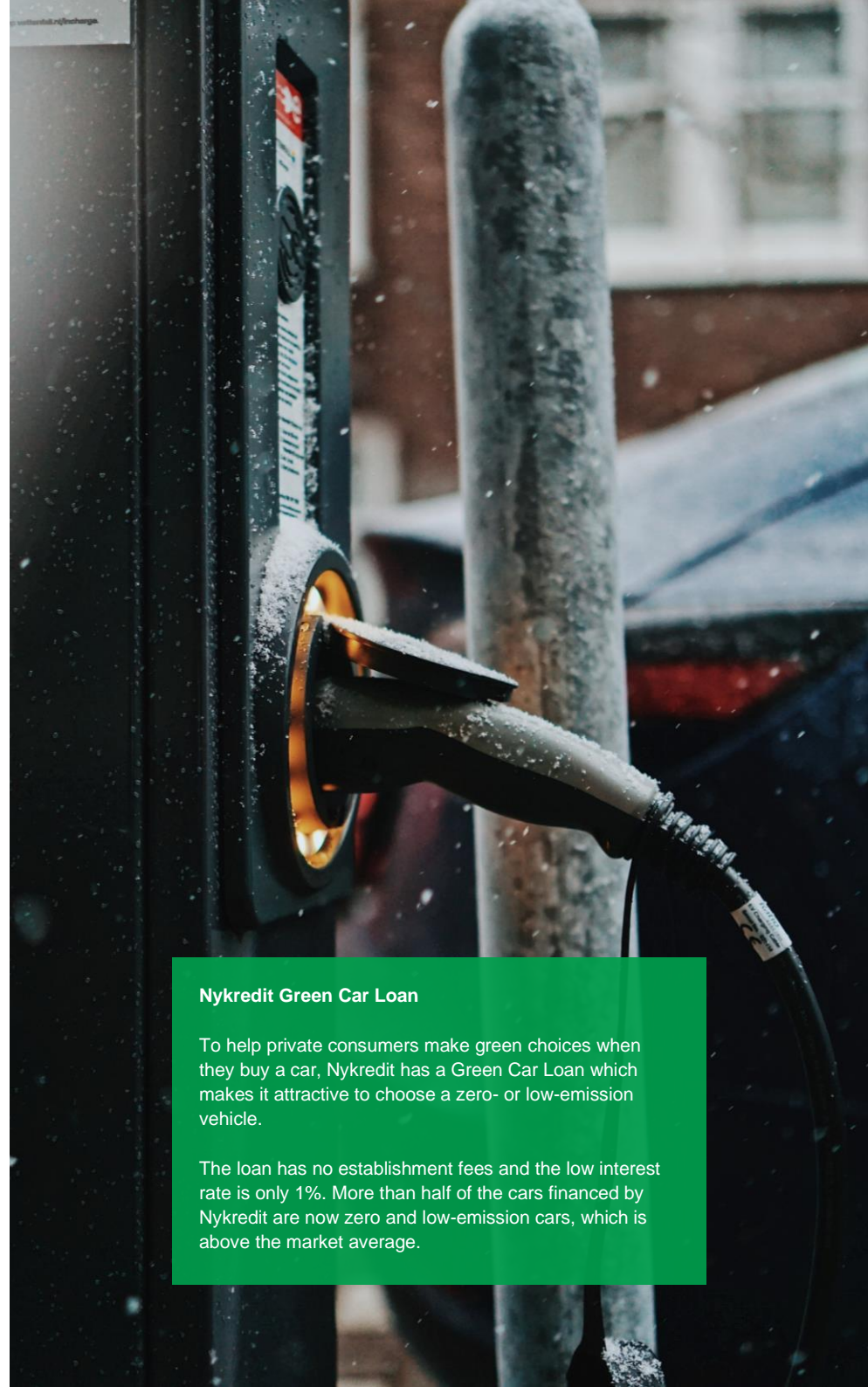


Climate change mitigation

Outstanding amount disbursed



■ Electric Cars ■ Plugin-Hybrid Cars



Nykredit Green Car Loan

To help private consumers make green choices when they buy a car, Nykredit has a Green Car Loan which makes it attractive to choose a zero- or low-emission vehicle.

The loan has no establishment fees and the low interest rate is only 1%. More than half of the cars financed by Nykredit are now zero and low-emission cars, which is above the market average.

Energy distribution



Denmark aims to be a leading country within renewable energy. This entails well-functioning transmission grids. Construction and operation of efficient transmission and distribution systems that transport electricity is essential to increasing the stability, flexibility and availability of renewable energy. So investments in effective transmissions systems are a catalyst for the green transition.

Nykredit has provided green financing for an energy distribution network that provides electricity to 1 million households. All cables run underground.

Key data

Total amount disbursed 2,941 DKK mn	No. of energy distribution projects 1 project
Total distance of transmission cables 6,322 km	Annual energy transmitted 2,676 MW
Total power transformers 3,616 transformers	

Primary UN SDG contribution

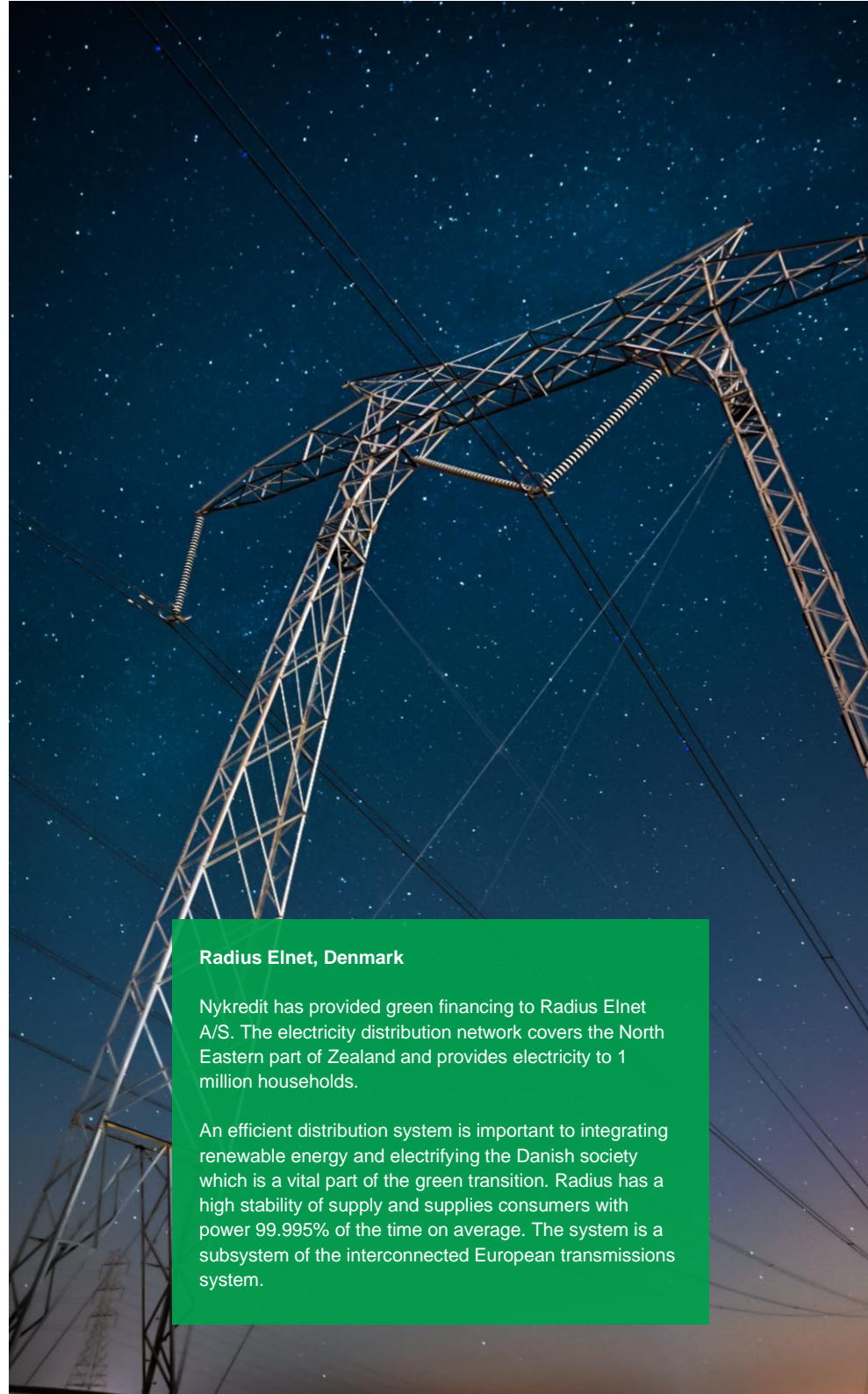


Affordable and clean energy

Primary EU Taxonomy Environmental objective



Climate change mitigation



Radius Elnet, Denmark

Nykredit has provided green financing to Radius Elnet A/S. The electricity distribution network covers the North Eastern part of Zealand and provides electricity to 1 million households.

An efficient distribution system is important to integrating renewable energy and electrifying the Danish society which is a vital part of the green transition. Radius has a high stability of supply and supplies consumers with power 99.995% of the time on average. The system is a subsystem of the interconnected European transmissions system.

Nykredit Green Bond issuance

<p>ISIN DK0009523037</p> <p>Status SDO</p> <p>Rating AAA (S&P)</p> <p>Issue date 02-05-2019</p> <p>Maturity date 01-04-2023</p> <p>Currency DKK</p> <p>Outstanding volume 7,108m</p> <p>Coupon 3M CIBOR + 3 bps</p> <p>Initial spread 3 bps</p> <p>Listing Nasdaq Copenhagen</p>	<p>ISIN DK0009531998</p> <p>Status SDO</p> <p>Rating AAA (S&P)</p> <p>Issue date 16-02-2021</p> <p>Maturity date 01-10-2024</p> <p>Currency SEK</p> <p>Outstanding volume 7,514m</p> <p>Coupon 3M STIBOR + 75 bps</p> <p>Initial spread 9 bps</p> <p>Listing Nasdaq Copenhagen</p>	<p>ISIN DK0030491915</p> <p>Status Senior Non-Preferred</p> <p>Rating A/BBB+ (Fitch/S&P)</p> <p>Issue date 11-06-2021</p> <p>Maturity date 12-07-2023</p> <p>Currency EUR</p> <p>Issue size 100m</p> <p>Coupon 3M EURIBOR + 100bps</p> <p>Initial spread 35 bps</p> <p>Listing Nasdaq Copenhagen</p>
<p>ISIN DK0009523110</p> <p>Status SDO</p> <p>Rating AAA (S&P)</p> <p>Issue date 02-05-2019</p> <p>Maturity date 01-10-2022</p> <p>Currency SEK</p> <p>Outstanding volume 7,786m</p> <p>Coupon 3M STIBOR + 75 bps</p> <p>Initial spread 13 bps</p> <p>Listing Nasdaq Copenhagen</p>	<p>ISIN DK0009534075</p> <p>Status SDO</p> <p>Rating AAA (S&P)</p> <p>Issue date 26-08-2021</p> <p>Maturity date 01-10-2024</p> <p>Currency DKK</p> <p>Outstanding volume 2,188m</p> <p>Coupon 3M CIBOR + 10 bps</p> <p>Initial spread 10 bps</p> <p>Listing Nasdaq Copenhagen</p>	<p>Nykredit has issued a total of 6 Green Covered Bonds and 1 Non-Preferred Senior bond. The covered bonds are used to fund mortgages and other eligible assets in Denmark and Sweden and Nykredit taps the bonds on an ongoing basis in line with the match-funding principle.</p> <p>In 2021, Nykredit opened a new SEK bond and two new DKK bonds to cater for both refinancing of Adjustable Rate Mortgages (ARM) and ongoing new lending.</p> <p>Nykredit has issued one Senior Non-Preferred bond based on eligible assets from Nykredit Bank. The issue took place in the form of a private placement.</p>
<p>ISIN DK0009524514</p> <p>Status RO</p> <p>Rating AAA (S&P)</p> <p>Issue date 19-06-2019</p> <p>Maturity date 01-04-2023</p> <p>Currency DKK</p> <p>Outstanding volume 1,604m</p> <p>Coupon 3M CIBOR + 8 bps</p> <p>Initial spread 8 bps</p> <p>Listing Nasdaq Copenhagen</p>	<p>ISIN DK0009534158</p> <p>Status RO</p> <p>Rating AAA (S&P)</p> <p>Issue date 26-08-2021</p> <p>Maturity date 01-10-2024</p> <p>Currency DKK</p> <p>Outstanding volume 110m</p> <p>Coupon 3M CIBOR + 15 bps</p> <p>Initial spread 15 bps</p> <p>Listing Nasdaq Copenhagen</p>	

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