

Nykredit Group

Green Bond Investor Presentation

March 2023

Numbers relate to
Nykredit Group

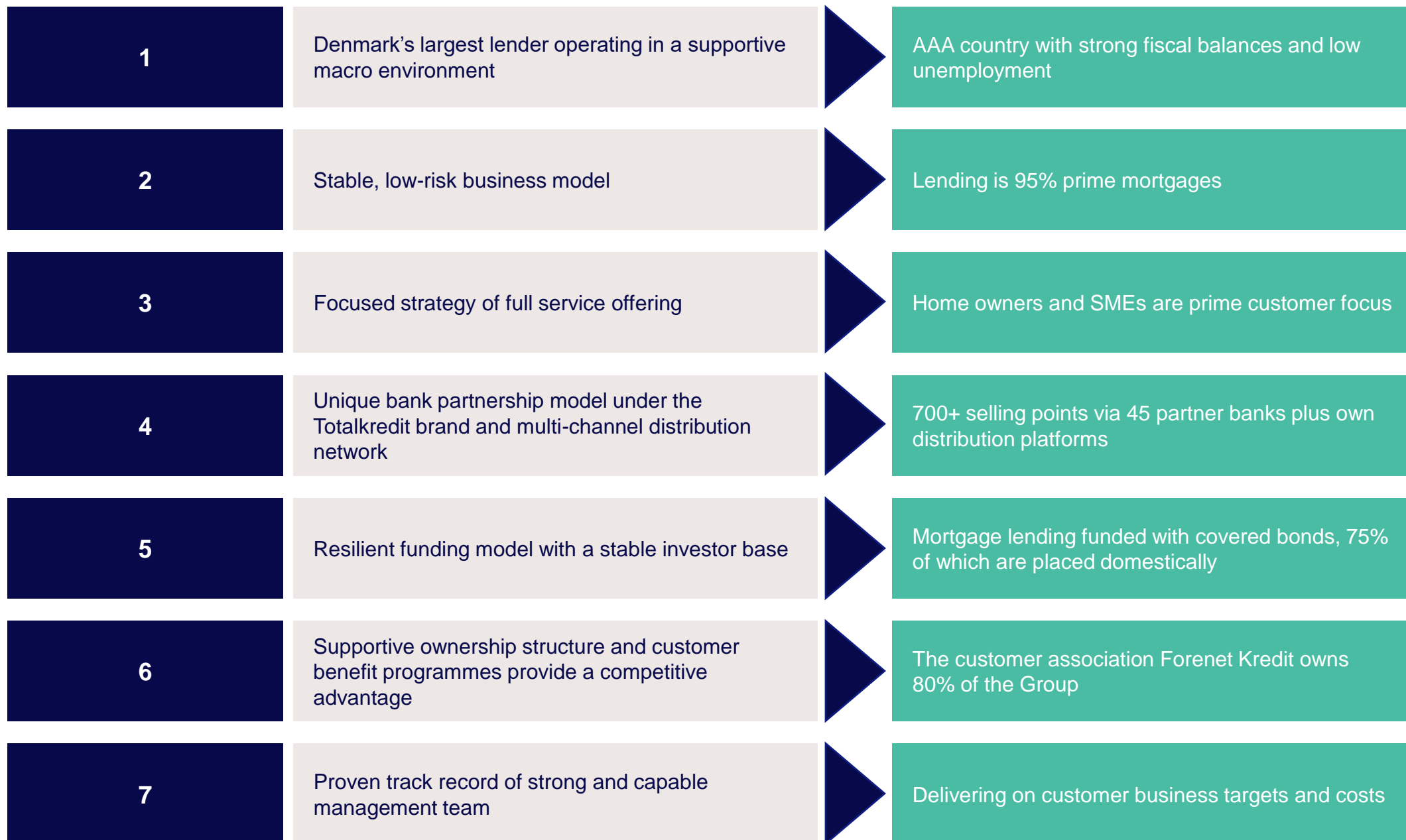


- **Nykredit – an introduction**
- Responsibility at Nykredit
- Green Bond Framework 2023

This material has been prepared for marketing purposes
See disclaimer and disclosure at the end of the material



Nykredit at a glance



Our strategy – Winning the Double 2.0



Satisfied and loyal full-service customers through a strong wealth management setup offering a more attractive and broader product portfolio



A **solid Totalkredit alliance** through even stronger relationships with several small and medium-sized Totalkredit partner banks



The customer-owned and responsible financial provider, giving priority to corporate responsibility on an equal basis with the strategy's other objectives



Joint development and scaling benefits strengthen Nykredit and our Totalkredit partner banks






Nykredit's ratings

Nykredit's ratings

	S&P Global	FitchRatings
Covered bonds	AAA	-
Senior preferred debt	A+	A+
Short-term debt	A-1	F1
Outlook	Stable	Stable
Senior non-preferred	BBB+	A
Tier 2	BBB	BBB+
Additional Tier 1	BB+	BBB-

Nykredit's ESG ratings

	Score	Range
	AA	CCC-AAA
	13.6	100 - 0
	A-	D- to A+



Source: Nykredit company reports

- Nykredit – an introduction
- **Responsibility at Nykredit**
- Green Bond Framework 2023



Responsibility at Nykredit

Operation in alignment with international standards

In 2019 Nykredit signed the UN Principles for Responsible Banking. We are a long-term signatory of the Ten Principles of the UN Global Compact

We are a signatory of the UN Principles for Responsible Investment (“PRI”).

We apply OECD’s Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Since 2021, Nykredit’s commitment to achieving net zero has been formalized by joining the global initiatives: The Science Based Targets, The Net-Zero Banking Alliance, and The Net-Zero Asset Managers



Endorsing the Sustainable Development Goals

Being a customer-owned financial institution, Nykredit is naturally inclined to contribute to achieving the UN’s 17 Sustainable Development Goals (SDGs) adopted by the world’s leaders in 2015.

In 2018 we integrated the SDGs into our strategic corporate responsibility efforts. The SDGs remain central benchmarks for how Nykredit may contribute to solving main societal challenges.

Nykredit’s activities particularly contribute to the following SDG’s:



Responsibility as an important part of Winning the Double 2.0



Actively support development and growth throughout Denmark

- Ensuring a constant robust capital position in order to provide loans to homeowners, agriculture and businesses all over Denmark across economic cycles



Actively support a greener Denmark

- Sustainable product offering, focused on
 - Greener owner-occupied dwellings
 - Greener businesses and properties
 - Greener agriculture
 - Sustainable investments
 - A greener Nykredit



Responsible business practices

- Having the highest data security possible and place great emphasis on protecting our customers' data
- Reducing our direct and indirect environmental footprint
- Securing diversity and inclusion by making targeted efforts to support gender balance



We have high ESG ambitions



As the first large bank and mortgage institution in Denmark, Nykredit has joined the **Science Based Target initiative (SBTi)**

In addition Nykredit joined the **Net Zero Banking Alliance (NZBA)**

... and set **new 2030 climate targets**

We make progress on green initiatives



- Electric cars financed by green loans accounted for **47%** of total sales
- More than **4,000** customers have made energy renovations financed by green home loans
- **7,750** customers have received a DKK 10,000 voucher to replace oil-fired boilers



Nykredit has issued **DKK 31bn** of green bonds for green buildings, renewable energy and energy distribution



New initiatives and targets set to increase workforce diversity
26 weeks' parental leave for mothers, fathers and co-parents

New environmental and social sustainability targets



75% reduction of emission intensity in owner-occupied homes and residential properties by 2030 (baseline 2021)*



45 – 55% reduction of emission intensity from agriculture in 2030 (baseline 2021)



85% reduction of emissions from our own operations by 2030 (baseline 2021)*



60% reduction of carbon intensity on investments by 2030 (baseline 2019). Climate-neutral investment portfolio by 2050*



45% female managers in the Group by 2030, **50%** in the long term

* Targets will be sent for STBi validation in 2023

We make green choices easier and more cost effective for customers

Selected green initiatives at Nykredit



Greener owners-occupied dwellings

Totalkredit: initiatives to replace oil- and gas-fired boilers

Totalkredit's home energy check-up

Totalkredit's energy calculator

Green savings account

Green home loans

Green car loans



Greener properties

Green construction loans

Green mortgage loans

Interest discount on construction loans to public housing

Partnership with Rambøll

ESG Advisory



Greener agriculture

Green machinery leasing

ESGreen Tool (SEGES climate tool)

Fee-free withdrawal of land from agricultural use



Greener businesses

Green construction loans

Green mortgage loans

ESG Advisory

Validated for SMEs

Mortgage financing of solar panels, wind turbines and infrastructure

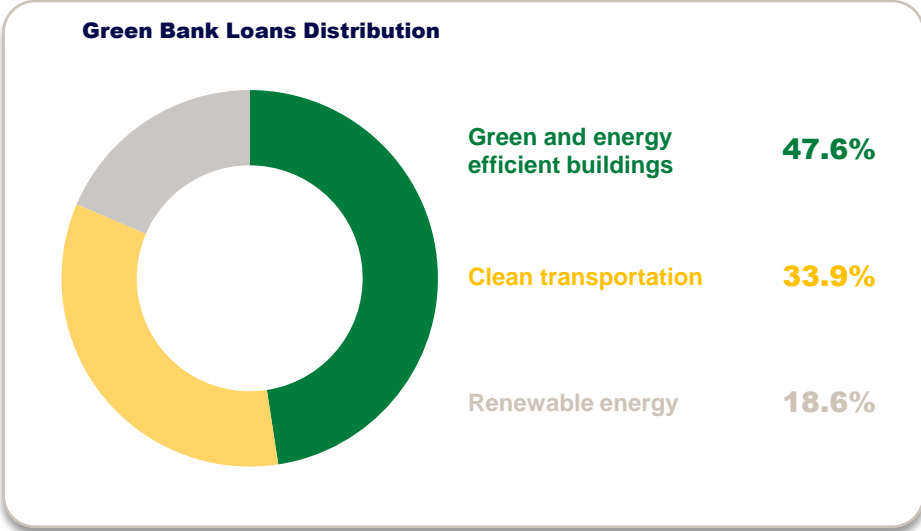
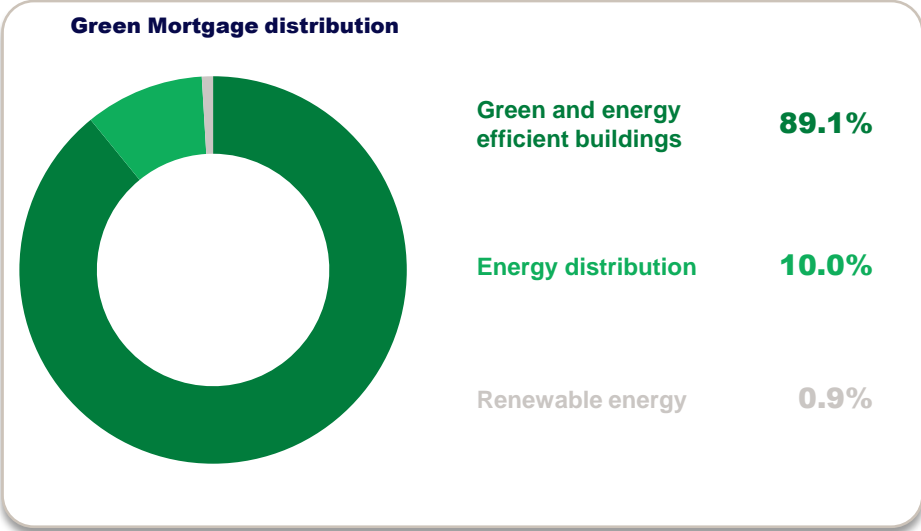
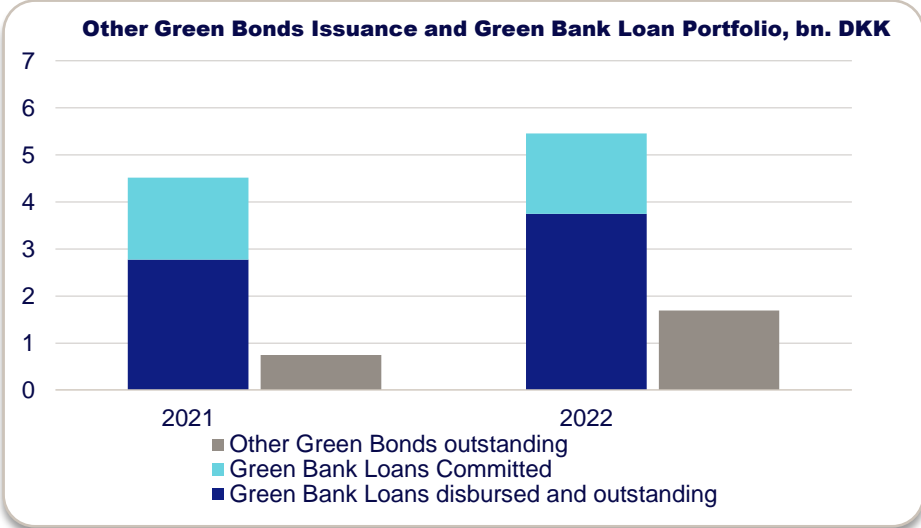
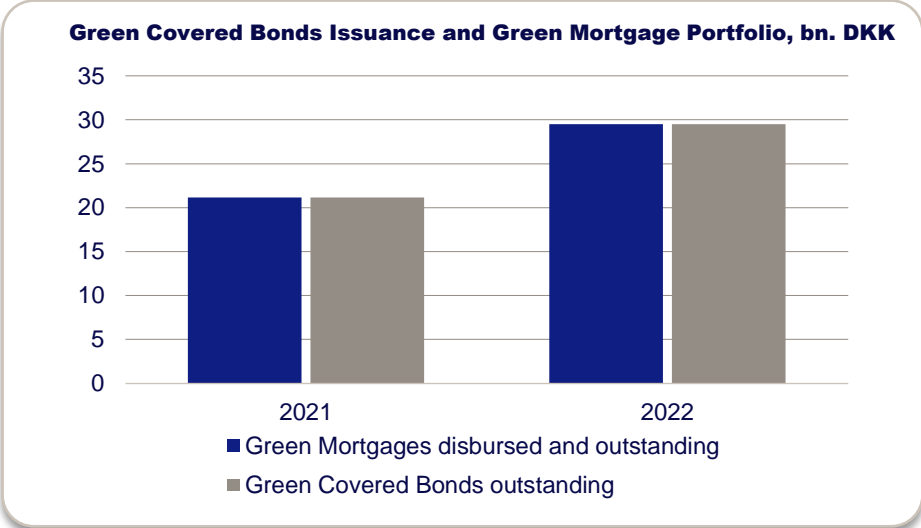


Sustainable investments

Funds carrying the Nordic Swan Ecolabel exempt from trading commission

Progress on Green Bonds

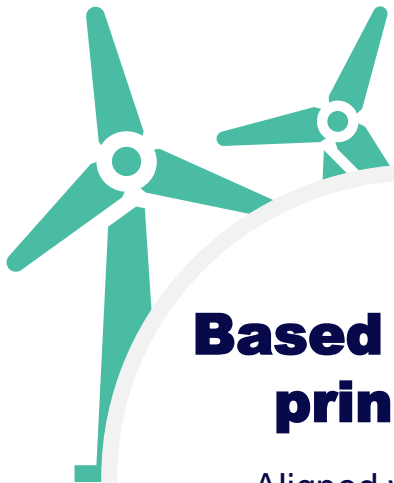
- At end-2022 Nykredit had issued DKK 31.2bn of Green Bonds
- Nykredit has provided green mortgage finance for green buildings, renewable energy and energy distribution
- The Green Bank Loan Portfolio contains assets from green buildings, renewable energy and clean transportation, which sets the basis for issuing of other green bonds



- Nykredit – an introduction
- Responsibility at Nykredit
- **Green Bond Framework 2023**



Green Bond Framework 2023 - Key highlights



Based on ICMA principles

Aligned with the four core components of ICMA's Green Bond Principles 2021



New asset categories

Proceeds to finance green assets in 8 categories mapped to 61 activities in the EU Taxonomy



EU Taxonomy alignment

Widely aligned with the technical screening criteria of the EU Taxonomy (59 activities are 'aligned', 'two are partially aligned')

Nykredit's Green Bond Framework



Use of Proceeds

- Nykredit will allocate an amount equal to the proceeds of the Green Bonds issued under the Framework to finance and/or re-finance, in whole or in part, loans or other assets ("Eligible Green Assets" originated by Nykredit which meet the requirements of the Framework and fall in at least one of the Use of Proceeds categories

Process for Project Evaluation and Selection

- The Green Bond Committee will ensure ongoing compliance with the green bond framework, approve changes and updating to reflect changes in corporate strategy, technology, market developments or regulatory developments
- Nykredit's Group Treasury will review eligibility of assets

Management of Proceeds

- The Nykredit Green Pool will be split into two approaches; Green Registry and Green Portfolio
- The Green Covered Bonds will match the cash flow of the loans funded by these bonds
- Net proceeds of issued in all formats than Green Covered Bonds will be managed using a portfolio approach
- Group Treasury handles the day-to day management of proceeds including the allocation process











Reporting

- Allocation reporting
- Impact reporting of environmental impacts of the Eligible Green Assets on an annual basis



Use of Proceeds



	Green Buildings	Renewable Energy	Energy Distribution and Storage	Clean Transportation	Manufacturing	Sustainable Water, Sewage and Waste Management	Sustainable management of living natural resources and land use	Climate Change Adaptation
Asset categories	<p>Construction of new Buildings</p> <p>Acquisition and Ownership of Buildings</p> <p>Renovation of existing buildings</p> <p>Individual measures and professional services</p>	<p>Wind energy</p> <p>Solar energy</p> <p>Hydro power</p> <p>Bioenergy</p> <p>Geothermal energy</p> <p>Waste heat/cooling recovery</p> <p>Heat pumps</p>	<p>Distribution and storage of electricity</p> <p>Distribution and storage of heat/cooling</p> <p>Transportation and storage of CO2</p> <p>Distribution and storage of hydrogen</p> <p>Data management and solutions</p>	<p>Low carbon transportation</p> <p>Low carbon transportation infrastructure</p>	<p>Manufacturing of renewable energy technologies</p> <p>Manufacturing of energy efficient equipment for buildings</p> <p>Manufacturing of hydrogen</p>	<p>Water supply and wastewater management</p> <p>Waste management</p>	<p>Agriculture***</p> <p>Forestry</p>	<p>Wastewater management</p> <p>Water transport infrastructure</p>
UN SDGs					 	 		
EU Taxonomy alignment*	Aligned/ Partially aligned**	Aligned						

* Alignment with technical screening criteria to climate change mitigation as described in the Climate Delegated Act (Dec 2021)

** Nykredit is deemed 'partially aligned' for 'Construction of new Buildings'/'Acquisition and Ownership of buildings' as for buildings >5000m² Nykredit cannot guarantee all projects meet the criteria

*** Agriculture is not assessed for Taxonomy alignment.



Governance of the Green Bond Framework

Governance body

Composition and meeting frequency

Tasks

Board of Directors

- Meeting on a quarterly basis

- Approves the Corporate Responsibility Policy and the annual CR Report

Corporate Responsibility Committee

- The Executive Board
- Meeting at least on a semi-annual basis

- Defines the strategy for corporate responsibility and the prioritised initiatives
- Responsible for the overall implementation of the UN Principles for Responsible Banking

Green Bond Committee

- Group Treasury, External Relations & Corporate Responsibility, Regulation, Group Finance & Investments, Corporates & Institutions, and the relevant member of the Executive Board
- Meeting at least four times annually

- Approves changes to the Framework
- Defines and evaluates the Eligibility Criteria, including EU Taxonomy Technical Screening Criteria
- Procure that third party documents are reviewed or updated
- Approves and publishes the allocation and impact reporting

Group Treasury

- Day-to-day operational management of the Framework

- Reviews and approves assets nominated by the business unit
- Excludes projects that no longer comply with the framework



Management of Proceeds

- Group Treasury handles the day-to-day management of proceeds including the allocation process

Issuance of Green Bonds

- Due to the match funding principle the cash flow of the Green Covered Bonds will match the cash flow of the loans funded by these bonds. Furthermore, there will be a direct link between the issued Green Covered Bonds in a particular ISIN and the Eligible Green Assets
- The Nykredit Green Pool will, as a consequence, be split into two approaches
- Proceeds from Green Covered Bonds will be managed using a dedicated registry holding all Eligible Green Assets funded by Green Covered Bonds (mortgages for residential and commercial property), forming the Green Registry
- All other Eligible Green Assets may be originated by Nykredit Bank and its subsidiaries and form the Green Portfolio. An amount equal to the net proceeds of issued Green Bonds in all other formats than Green Covered Bonds will be managed using a portfolio approach

Danish covered bonds regulation

Danish regulations stipulate that loans originated by a specialised mortgage bank can only be funded by covered bonds.

Hence, all Eligible Green Assets originated by Nykredit Realkredit A/S or Totalkredit A/S will be funded by Green Covered Bonds on a one-to-one basis out of Nykredit Realkredit's capital centres in specific ISINs.





- Nykredit will report annually on allocation of proceeds and the environmental impacts of the Eligible Green Assets

Allocation of Proceeds Reporting

- At least on an annual basis, to update investors on the allocated assets:
 - The total outstanding of amount of Green Bonds
 - The total amount of net proceeds allocated from the issuance of Green Bonds
 - The breakdown of the Green Registry and the Green Portfolio by Green Asset Categories
 - The geographical distribution of the Green Registry and the Green Portfolio
 - New loans entering the portfolio over the previous reporting year

Impact Reporting

- Nykredit will report the environmental impacts of the Eligible Green Assets on an annual basis. The impact reporting will provide environmental impacts per Green Asset Category
- The report will include a description of the applied methodology to support transparency and comparability
- Examples of the impact measurement indicators:
 - Estimated ex-ante annual GHG emissions reduced/avoided (tCO₂e)
 - Estimated ex-ante annual energy savings in MWh
 - Annual renewable energy generation (MWh)

All relevant reporting will be made available at www.nykredit.com/greenbonds

- Sustainalytics has reviewed Nykredit's Green Bond Framework and produced a Second Party Opinion



■ Second Party Opinion

- Sustainalytics is of the opinion that the Nykredit Green Bond Framework 2023 is credible and impactful, and aligns with the four core components of ICMA's Green Bond Principles 2021
- Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 9, 11, 12, 13, and 15



Second-Party Opinion
Nykredit Green Bond Framework 2023

Evaluation Summary

Sustainalytics is of the opinion that the Nykredit Green Bond Framework 2023 is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds – i) Green Buildings, ii) Renewable Energy, iii) Clean Transportation, iv) Energy Distribution and Storage, v) Manufacturing, vi) Sustainable Water, Sewage and Waste Management, vii) Sustainable Management of Living Natural Resources and Land Use; and viii) Climate Change Adaptation – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, 11, 12, 13 and 15.

PROJECT EVALUATION AND SELECTION Nykredit's Green Bond Committees will be responsible for evaluating and selecting projects that are in line with the Framework's eligibility criteria. Nykredit's internal policies and processes for mitigating environmental and social risks related to loans and projects apply to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project selection process in line with market expectation.

MANAGEMENT OF PROCEEDS Nykredit's Group Treasury is responsible for the management of proceeds and will track the allocation of proceeds using a dedicated registry. Nykredit intends to allocate all proceeds within six months of issuance. Any unallocated proceeds will be held temporarily in accordance with Nykredit's standard liquidity management policy. This is in line with market practice.

REPORTING Nykredit intends to report on allocation of proceeds on its website on an annual basis until maturity or full allocation. Allocation reporting will include the total outstanding amount of green bonds, the total amount of net proceeds allocated, a breakdown by category and geographical distribution, and new loans entering the pool over the previous reporting year. In addition, Nykredit is committed to reporting on relevant impact metrics. Sustainalytics views Nykredit's allocation and impact reporting as aligned with market practice.

Evaluation Date	March 30, 2023
Issuer Location	Copenhagen, Denmark

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Alignment with the Technical Screening Criteria of the EU Taxonomy Delegated Act

Sustainalytics has assessed the Nykredit Green Bond Framework for alignment with the applicable Technical Screening Criteria (TSC) of the EU Taxonomy. The criteria in the Framework's eight green use of proceeds categories map to 61 activities in the EU Taxonomy. Sustainalytics is of the opinion that 59 activities are aligned with the applicable TSC of the EU Taxonomy, while two are partially aligned. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards. The Framework activities were not assessed for their alignment with the Do No Significant Harm (DNSH) criteria of the EU Taxonomy in this second-party opinion.

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■ EU Taxonomy Assessment

- The eight green use of proceeds categories in the Framework map to 61 activities in the EU taxonomy; **59 activities were assessed as 'aligned'** and **two activities were assessed as 'partially aligned'** with the applicable Technical Screening Criteria of the EU Taxonomy
- The activities and projects to be financed under the Framework will be carried out in **alignment with the EU Taxonomy's Minimum Safeguards**. The Framework activities were not assessed for their alignment with the DNSH

■ Verification – Assurance Report

- Nykredit requests on an annual basis a limited assurance report on the allocation of the Green Bond proceeds and the eligibility of loans or assets in the Green Portfolio, to be provided by an independent third party

The Second Party Opinion is available at: nykredit.com/greenbonds

Changed criteria for green financing

- All ISINs with a maturity in 2024 will no longer be used for issuance
- Existing loans under Nykredit's GBF 2020 can be moved across most of already existing ISINs
- All new green lending must meet the criteria in Nykredit's GBF 2023
- Only loans that comply with the GBF 2023 can be placed in ISINs opened after 1 April 2023.

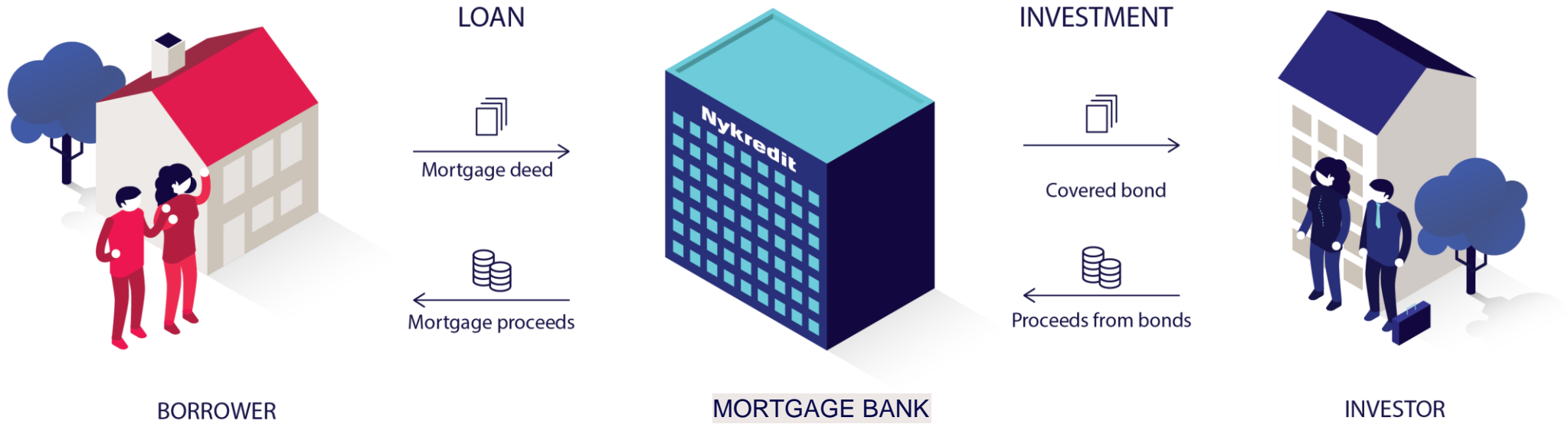
ISIN	Currency	Green Bond Framework	Maturity date	Use criteria
DK0009534075 DK0009534158	DKK DKK	2020 2020	October 1, 2024 October 1, 2024	No longer used for issuance
DK0009540049	DKK	2020	April 1, 2026	Only refinancing of assets eligible for GBF 2020 but not for GBF 2023
DK0009531998	SEK	2020	October 1, 2024	No longer used for issuance
DK0009538738	SEK	2020	October 1, 2026	New lending that meet the criteria of GBF 2023 and refinancing of assets eligible for GBF 2020
DK0009539975	DKK	2023	October 1, 2026	New lending that meet the criteria of GBF 2023

Appendix

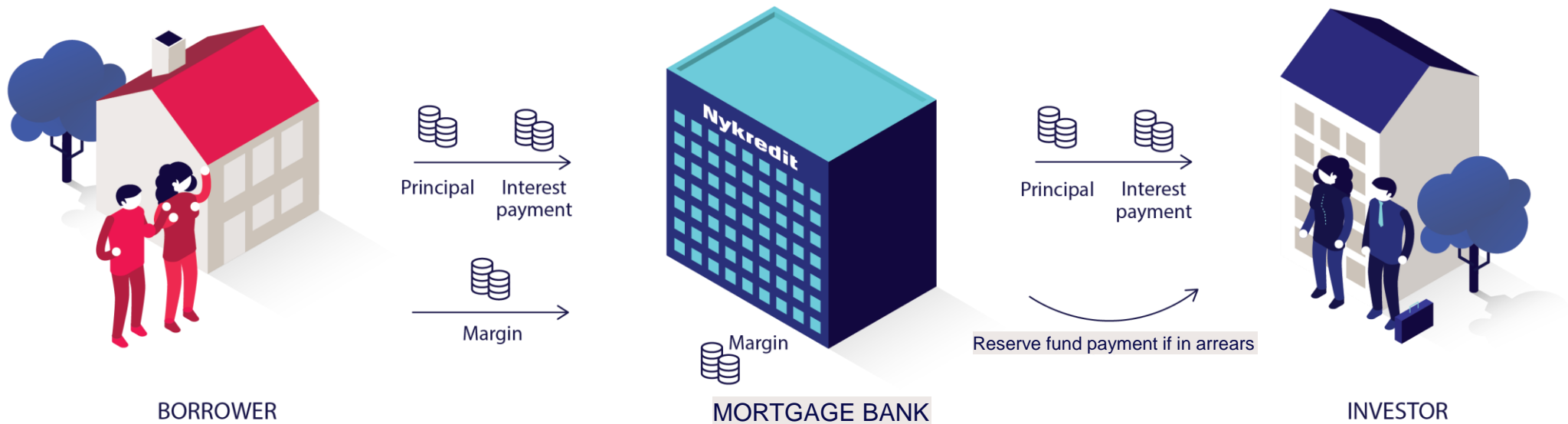


The principles of the Danish mortgage model

Mortgage origination



Payments



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