

Nykredit

Green Bond

Investor Report 2022

**Nykredit
Group**

About this report

Nykredit has issued six green covered bonds, one senior non-preferred green bond and one Tier 2 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 Green Bond 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.

This Green Bond Investor Report 2022 has been prepared solely for informational purposes and does not constitute an offer to sell.

It should be noted that there are persisting methodological challenges of accounting and reporting on environmental impact, including avoided emissions. Uncertainties cannot be entirely eliminated. For that reason we strive to rigorously disclose information on methodologies used and assumptions made.

This report covers the environmental impact of the green loans financed by Nykredit at year-end 2022.



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 the Nykredit Group to benefit our customers. The association has therefore decided to make a contribution to the Group, which Nykredit and Totalkredit may choose to use as for instance discounts etc to customers.
- 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 2022.

Targets supporting the green transition

Nykredit has pledged to support the green transition. Nykredit has committed to achieving net zero greenhouse gas (GHG) emissions from our lending, investment portfolio and own operations by 2050 at the latest and to putting emissions on a path that aligns with the targets of the Paris Climate Agreement – also known as Paris alignment. We have defined and published specific climate targets for our main lending activities that

set the course for our green transition efforts. The interim CO₂ emission targets (kgCO₂e/sqm per year) towards 2030 are:

- 75% reduction in emission intensity from owner occupied dwellings
- 75% reduction in emission intensity from residential real estate
- 65% reduction in emission intensity from commercial real estate

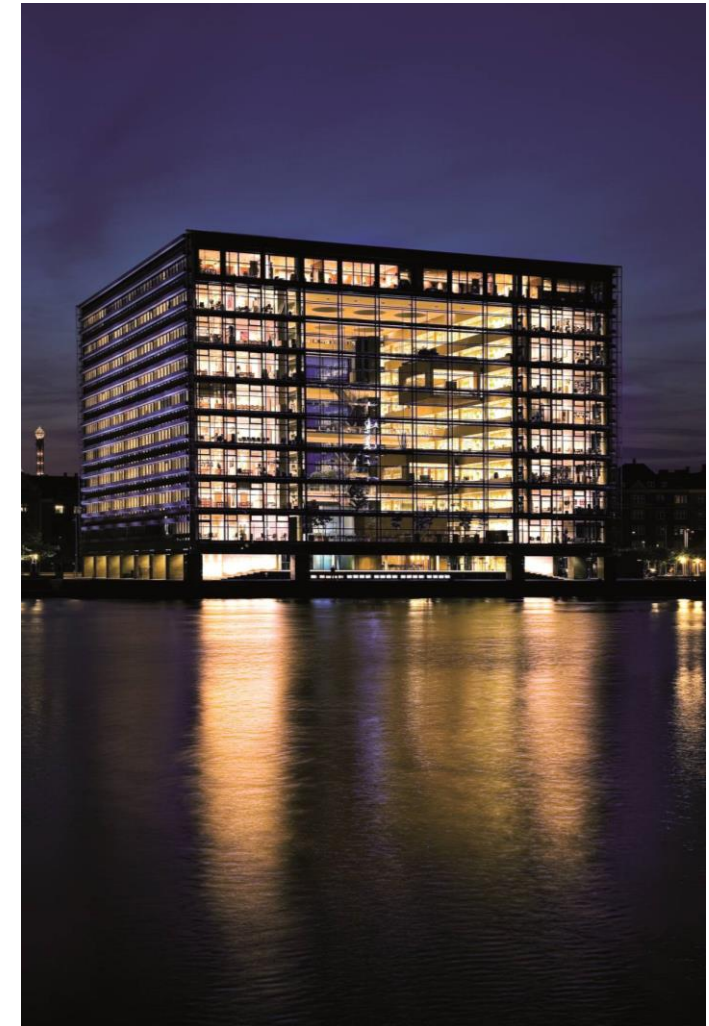
This commitment has been formalised by joining three acknowledged, global initiatives:

- The Science Based Targets initiative (SBTi) – covers the entire Nykredit Group
- The Net Zero Banking Alliance (NZBA) – covers the loan portfolio
- The Net Zero Asset Managers initiative (NZAM) – covers the investment portfolio.

More than 99% of our carbon footprint originates from our lending activities and investment portfolio. For 10 years now, we have been committed to reducing emissions from our own operations, and we will hold on to that commitment. However, data clearly show that we can take the greatest leap forward if we team up with our customers. Our main priority is to make it easier and more affordable for our customers to make green choices.

Efforts supporting the green transition

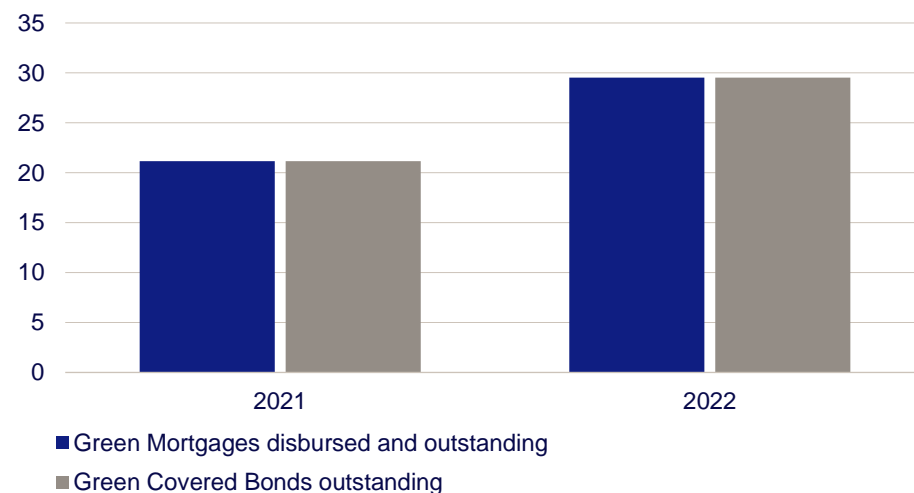
Nykredit makes it easier and cheaper for clients to make green choices. We promote green and sustainable solutions through customer dialogue and a broad range of green and sustainable products. Initiatives from year 2022 include contributions to customers who replace oil- and gas-based heat sources with heat pumps, and interest rate discounts on green activities in the social housing sector.



Executive summary

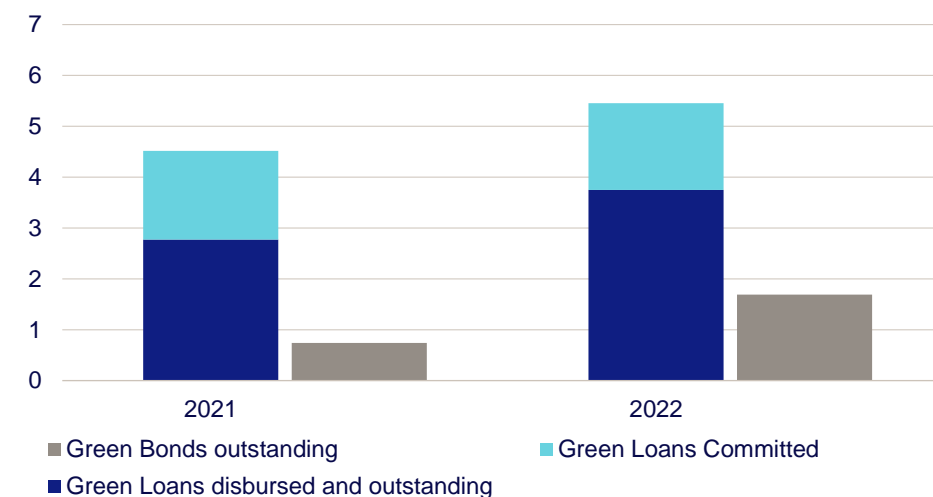
Green Covered Bonds Issuance and Green Mortgage Portfolio

DKK billions



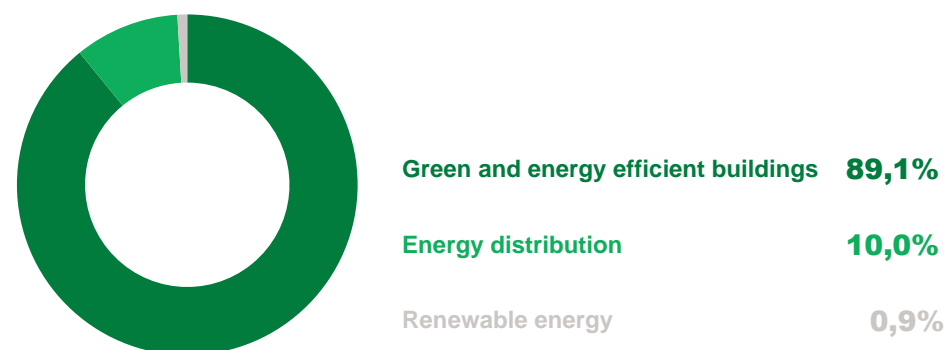
Other Green Bonds Issuance and Green Bank Loan Portfolio

DKK billions



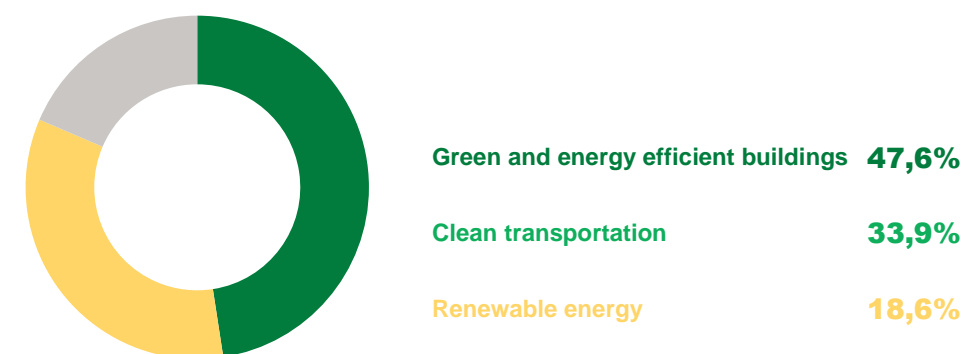
Green Mortgage distribution

Based on disbursed amounts







Green Bank Loans 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 millions)	Annual emissions avoided (tCO ₂ e)	Impact (tCO ₂ e/DKK million)
 Green and energy efficient buildings	28,075.8	3,400*	0.1
 Renewable energy	970.2	163,600	169
 Clean transportation	1,269.4	12,900	10
 Energy distribution	2,937.9	n/a	n/a
Total	33,253.3	179,900	
Disbursed amount with CO₂e impact	30,315.4		
Impact, tCO₂e per DKK million			5.9

*6,400 tCO₂e if benchmarked against a national reference building

Attribution to Nykredit Green Bond Investors

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

94%

Equivalent of

5.5

tCO₂e/DKK million

Methodology

Key reporting principles

The reporting on Nykredit's environmental impact is based on the ICMA's guidelines for Green Bond Principles (June 2021) and the Nordic Public Sector Issuers' Position Paper on Green Bonds Impact Reporting (February 2020).





The 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 31 December, 2022. 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 and the green Tier 2 bond, the impact is calculated for a volume of eligible green loans equivalent to the volume of bonds issued.

	Calculation of emissions avoided	Parameters and assumptions
 Green and energy-efficient buildings	(Expected energy demand for reference building (kWh) – (Expected annual energy demand for financed building (kWh)) * Emission factor of heating source (gCO ₂ e/kWh)	Baseline emission factor: <ul style="list-style-type: none"> Electricity: 315 gCO₂e/kWh (Source: Nordic Public Sector Issuers: Green bond reporting guidance 2020) District heating: 58 gCO₂e/kWh (Source: The Danish Energy Agency) Natural gas: 204 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 emission factor: 315 gCO ₂ e/kWh (Nordic Public Sector Issuers: Green bond reporting guidance 2020) Emission 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: 140 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, and roughly 75% of the EU building stock is energy inefficient (European Commission). Nykredit aims to support the green transition of the housing sector by improving existing buildings, acquisition of low energy buildings and construction of new energy efficient buildings.

The emissions avoided are calculated to be 3,400 tCO₂e when benchmarked against the national building code (see the methodology section). This figure would increase to approx. 6,400 tCO₂e if benchmarked against a national reference building.

Key data

Total amount disbursed 28,075.8 DKK million	No. of green building projects 207 projects
Total energy savings 30,251 MWh	Annual GHG emissions avoided 3,400 tCO ₂ e
Impact 0.1 tCO ₂ e per DKK million	

Primary UN SDG contribution



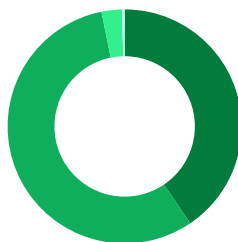
Affordable and clean energy

Primary EU Taxonomy Environmental objective



Climate change mitigation

Outstanding amount disbursed



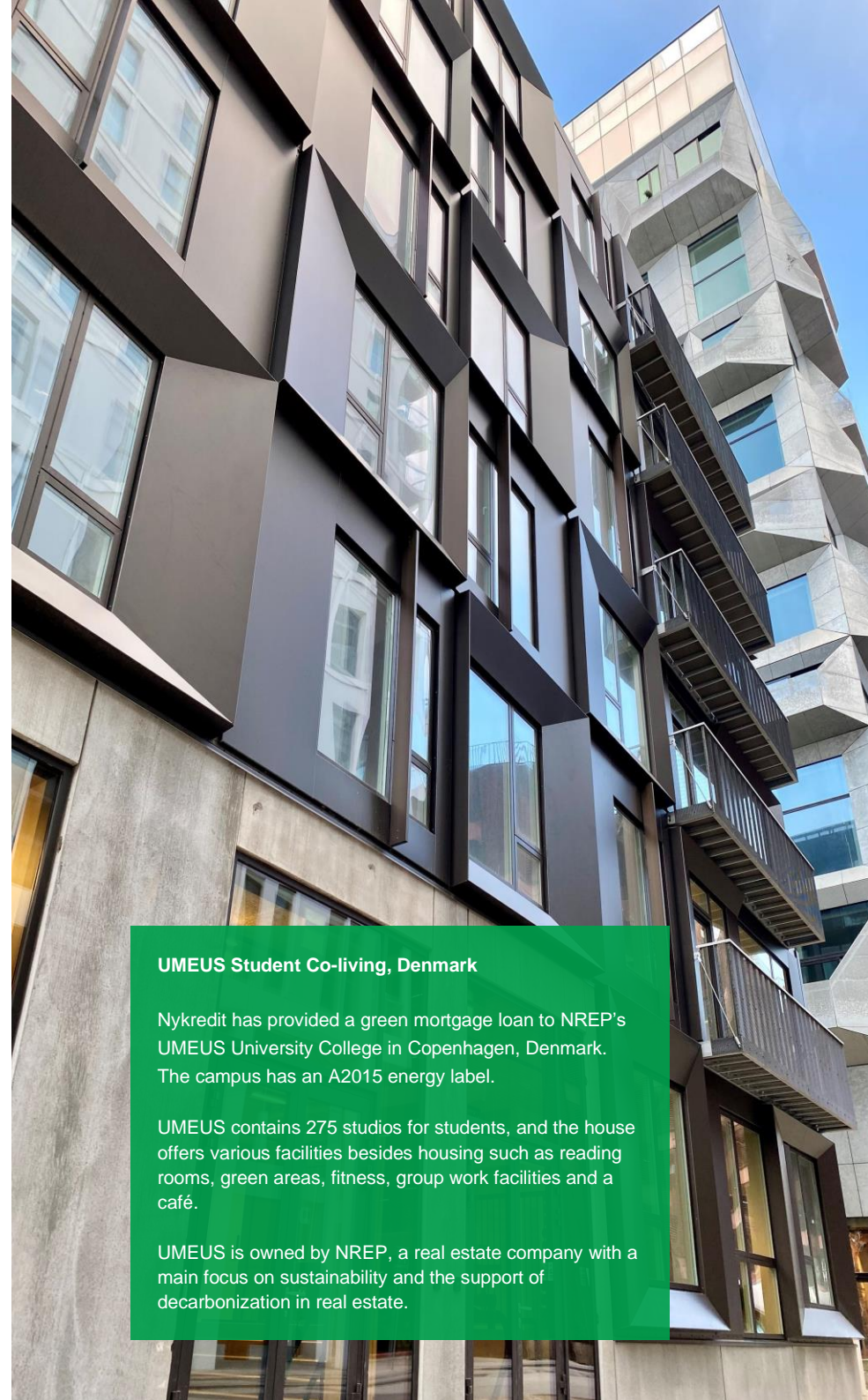
■ Office and retail
■ Public Housing
■ Private rental
■ Social and cultural

UMEUS Student Co-living, Denmark

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

UMEUS contains 275 studios for students, and the house offers various facilities besides housing such as reading rooms, green areas, fitness, group work facilities and a café.

UMEUS is owned by NREP, a real estate company with a main focus on sustainability and the support of decarbonization in real estate.



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 role in the decarbonisation 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 970.2 DKK million	No. of renewable energy projects 7 projects
Estimated installed capacity 355 MW	Estimated annual energy production 519,5 GWh
Annual GHG emissions avoided 163,600 tCO ₂ e	Impact 169 tCO ₂ e per DKK million

Primary UN SDG contribution



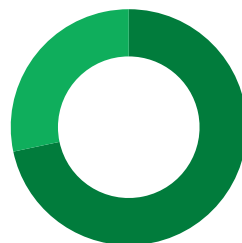
Affordable and clean energy

Primary EU Taxonomy Environmental objective



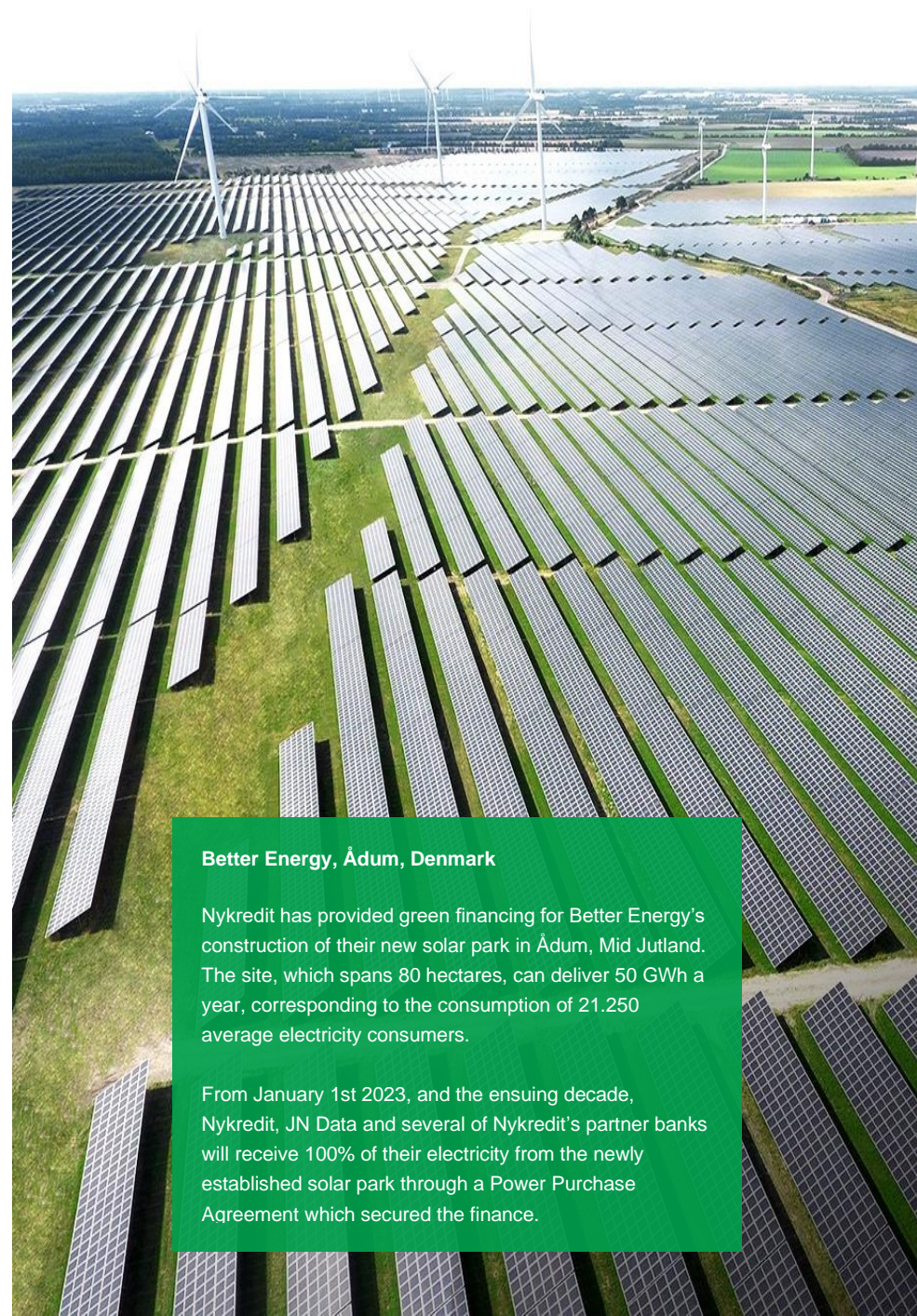
Climate change mitigation

Outstanding amount disbursed



■ Solar Energy

■ Wind Power



Better Energy, Ådum, Denmark

Nykredit has provided green financing for Better Energy's construction of their new solar park in Ådum, Mid Jutland. The site, which spans 80 hectares, can deliver 50 GWh a year, corresponding to the consumption of 21.250 average electricity consumers.

From January 1st 2023, and the ensuing decade, Nykredit, JN Data and several of Nykredit's partner banks will receive 100% of their electricity from the newly established solar park through a Power Purchase Agreement which secured the finance.

Clean transportation



The ongoing replacement of fossil fuel vehicles with zero-emission vehicles is an essential part of the journey towards decarbonization in the transportation sector, which accounts for almost 25% of the EU's greenhouse gas emissions. Passenger cars are responsible for around 12% of the EU's greenhouse gas emissions (European Commission).

Nykredit provides green loans at a reduced price when financing electric, hydrogen or plug-in hybrid cars, thereby contributing to lowering greenhouse gas emissions from new passenger cars. From December 2022 Nykredit's green car loans are limited to electric and hydrogen cars.

Key data

Total amount disbursed 1,269.4 DKK million	No. of low and zero emission cars financed 5,049 cars
Annual GHG emissions avoided 12,900 tCO ₂ e	Impact 10 tCO ₂ e per DKK million

Primary UN SDG contribution



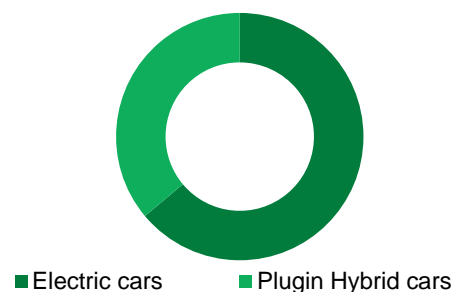
Sustainable cities and communities

Primary EU Taxonomy Environmental objective



Climate change mitigation

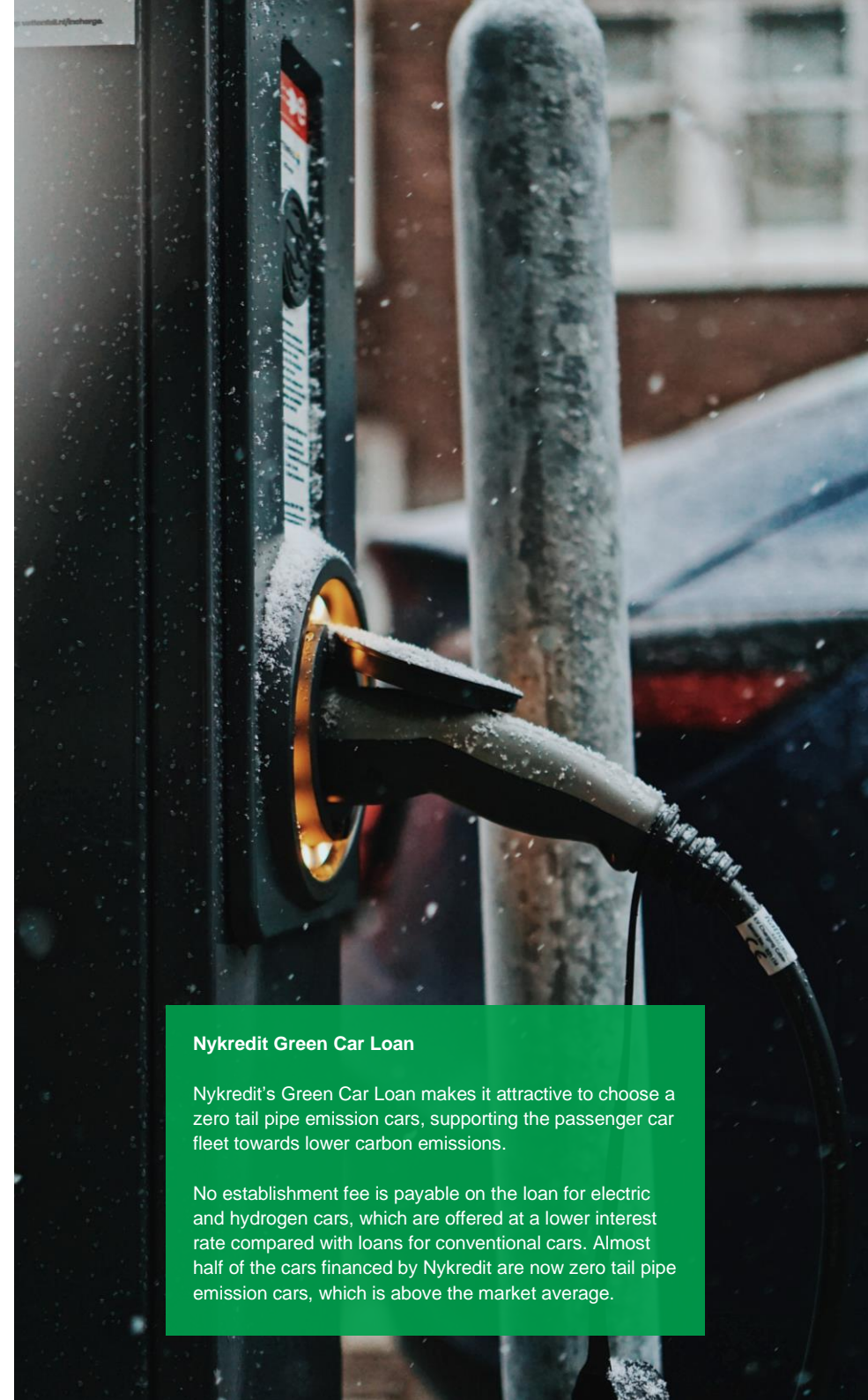
Outstanding amount disbursed



Nykredit Green Car Loan

Nykredit's Green Car Loan makes it attractive to choose a zero tail pipe emission cars, supporting the passenger car fleet towards lower carbon emissions.

No establishment fee is payable on the loan for electric and hydrogen cars, which are offered at a lower interest rate compared with loans for conventional cars. Almost half of the cars financed by Nykredit are now zero tail pipe 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 are 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 2,937.9 DKK million	No. of energy distribution projects 1 project
Total distance of transmission cables 6,437 km	Annual energy transmitted 2,799 GWh
Total power transformers 3,708 transformers	

Primary UN SDG contribution

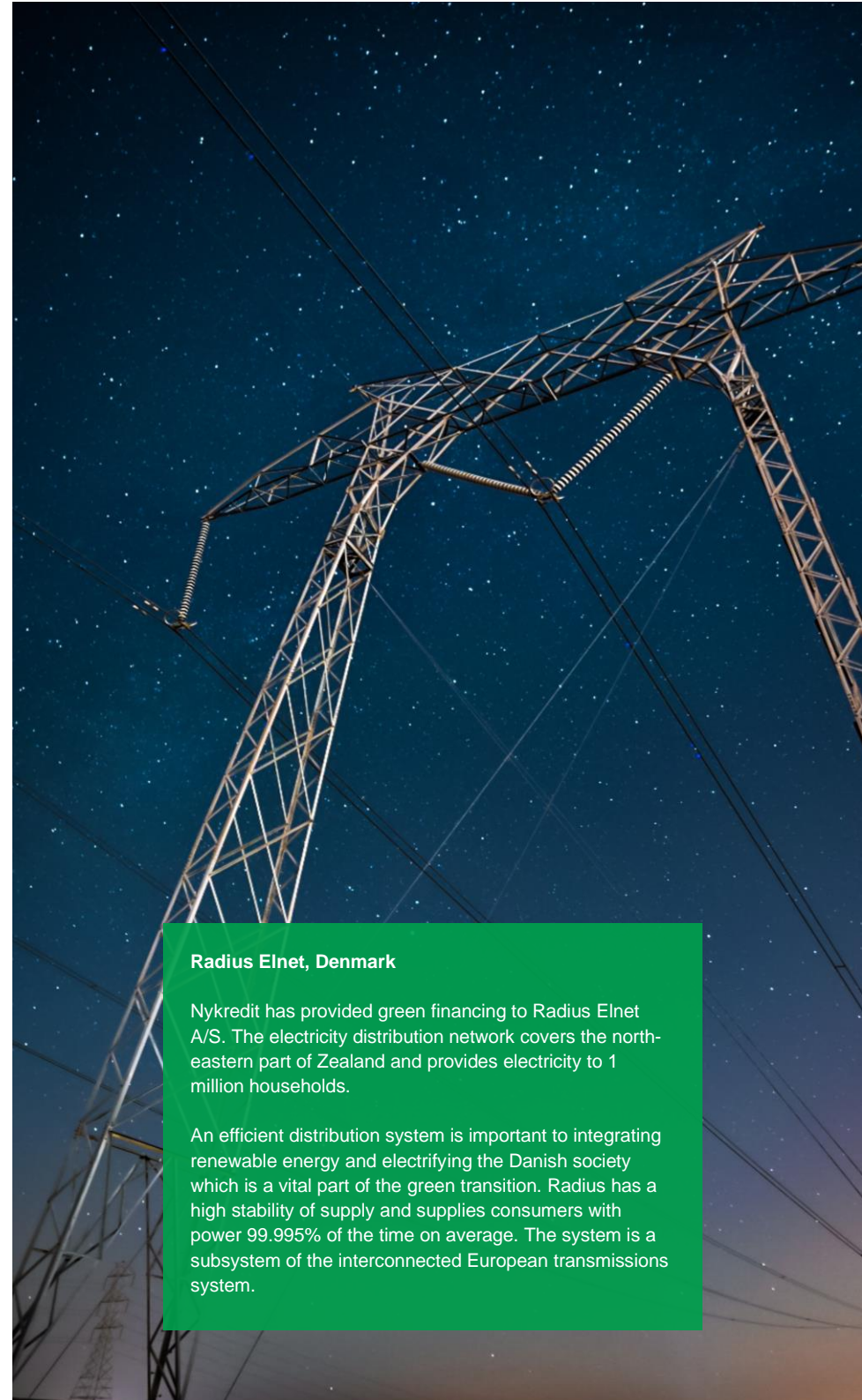


Affordable and clean energy

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

ISIN DK0009523037 Status SDO Rating AAA (S&P) Issue date 02-05-2019 Maturity date 01-04-2023 Currency DKK Outstanding volume 7,035m Coupon 3M CIBOR + 3 bps Listing Nasdaq Copenhagen	ISIN DK0009531998 Status SDO Rating AAA (S&P) Issue date 16-02-2021 Maturity date 01-10-2024 Currency SEK Outstanding volume 9,922m Coupon 3M STIBOR + 75 bps Listing Nasdaq Copenhagen	ISIN DK0030491915 Status Senior Non-Preferred Rating A/BBB+ (Fitch/S&P) Issue date 11-06-2021 Maturity date 12-07-2023 Currency EUR Issue size 100m Coupon 3M EURIBOR + 100bps Listing Nasdaq Copenhagen
ISIN DK0009534075 Status SDO Rating AAA (S&P) Issue date 26-08-2021 Maturity date 01-10-2024 Currency DKK Outstanding volume 10,031m Coupon 3M CIBOR + 10 bps Listing Nasdaq Copenhagen	ISIN DK0009538738 Status SDO Rating AAA (S&P) Issue date 22-08-2022 Maturity date 01-10-2026 Currency SEK Outstanding volume 5,714m Coupon 3M STIBOR + 75 bps Listing Nasdaq Copenhagen	ISIN DK0030513585 Status Tier 2 Rating BBB+/BBB (Fitch/S&P) Issue date 26-10-2022 Maturity date 26-10-2032 Currency DKK Issue size 950m Coupon 3M CIBOR Listing Nasdaq Copenhagen
ISIN DK0009524514 Status RO Rating AAA (S&P) Issue date 19-06-2019 Maturity date 01-04-2023 Currency DKK Outstanding volume 1,539m Coupon 3M CIBOR + 8 bps Listing Nasdaq Copenhagen	ISIN DK0009534158 Status RO Rating AAA (S&P) Issue date 26-08-2021 Maturity date 01-10-2024 Currency DKK Outstanding volume 563m Coupon 3M CIBOR + 15 bps Listing Nasdaq Copenhagen	<p>Nykredit has issued a total of six green covered Bonds, one Non-Preferred Senior bond and one tier 2 bond. The covered bonds are used to fund mortgages and other eligible assets in Denmark and Sweden. Nykredit taps the bonds on an ongoing basis in line with the match-funding principle.</p> <p>In 2022, Nykredit opened a new SEK bond to cater for both refinancing and ongoing new lending.</p> <p>Nykredit has issued one Senior non-preferred and one tier 2 bond based on eligible assets from Nykredit Bank. The issues took place in the form of private placements.</p>

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