

**Green Bond
Investor Report 2023**

February 2024

**Nykredit
Group**



About this report

Nykredit has issued six green covered bonds 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 established its first Green Bond Framework in 2019 (updated in 2020). In order to develop the green offering and ensure alignment with the EU Taxonomy, the framework was updated again in April 2023 to ensure that new bond ISINs will adhere to the framework.

The Green Bond Framework has been established in compliance with the ICMA's Green Bond Principles 2021. Sustainalytics has provided a second-party opinion on the Green Bond Framework and considers it to be credible and impactful and aligned with the four core components of ICMA's Principles.

Nykredit has also engaged Sustainalytics to verify this report in order 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 report 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. 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 2023.



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. This gives us a special responsibility for operating our business in ways that create value for our customers and for society. This manifests itself in a number of ways:

- We pledge to be active in all of Denmark and support development and growth – in urban and rural districts alike.
- We share our success with our customers, and Forenet Kredit returns part of the dividend it receives from the Nykredit Group as an annual contribution to Nykredit and Totalkredit. The contribution may be used to offer our customers mutual benefits in the form of discounts etc.
- We strive to contribute to the green transition of society.

Efforts supporting the green transition

Being a financial mutual and Denmark's largest lender, we can and must contribute to solving the challenge of climate change.

Our main contribution to the green transition is to move ourselves and our customers in a more sustainable direction. We want to provide professional advice that creates value for the individual customers and to collaborate with our customers on increasing the positive impacts on society and reducing the negative.

At the same time, we are continuously striving to bring our mortgage lending and banking operations into play to support investments in the infrastructure, energy supply and technological development necessary to accomplish the green transition.

Targets supporting the green transition

Nykredit has committed to achieving net zero greenhouse gas emissions from our lending, investments and own operations by 2050 at the latest, and the emissions reduction should as a minimum be put on a path that aligns with the targets of the Paris Climate Agreement

This commitment has been formalised by joining the Science Based Targets initiative (SBTi), the Net Zero Banking Alliance (NZBA) and the Net Zero Asset Managers initiative (NZAM). We will deliver on our commitment by setting targets that build on recognised standards and methodologies and that are subject to validation by the SBTi. We have published interim 2023 targets for our own operations and for our investment and lending portfolio (for owner-occupied dwellings, real estate and agriculture).

Updated Green Bond Framework

We updated our Green Bond Framework in 2023. Firstly, the revised framework includes a number of new use-of-proceeds asset categories which will enable Nykredit to offer a wider range activities eligible for green bond financing.

Secondly, the criteria for eligible green assets have been adjusted to ensure alignment with the EU Taxonomy, which is the cornerstone of the EU's sustainable finance framework and an important tool to direct investments towards the economic activities most needed for the green transition.

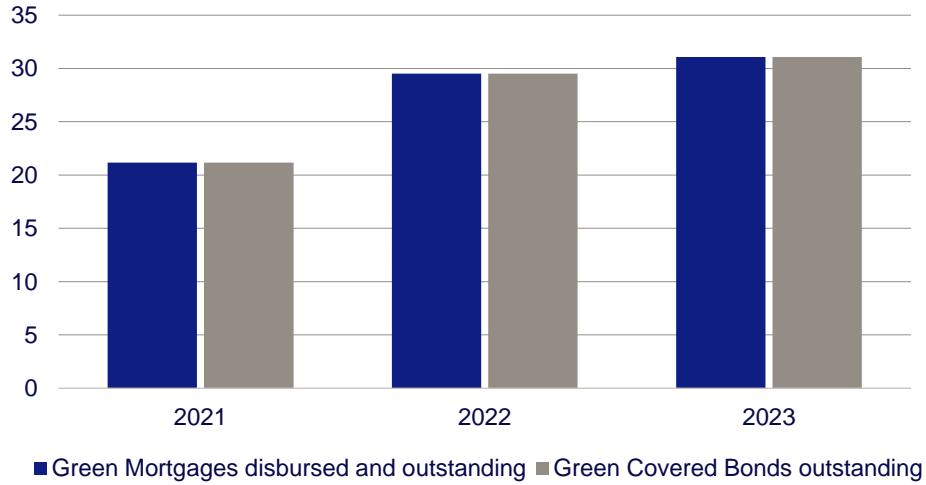
The criteria in the framework's categories map to 62 activities in the Taxonomy, of which Sustainability considers 60 activities to be "aligned" and two activities to be "partially aligned" with the applicable technical screening criteria of the EU Taxonomy.



Executive summary

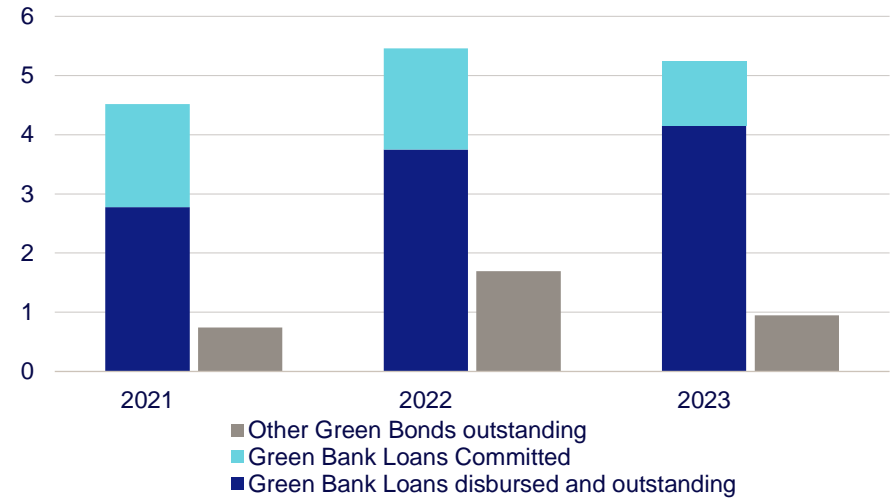
Green Covered Bonds Issuance and Green Mortgage Portfolio

DKK billions



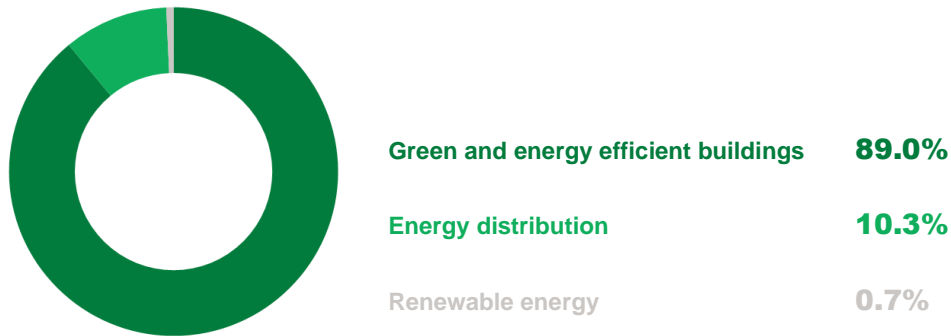
Other Green Bonds Issuance and Green Bank Loan Portfolio

DKK billions



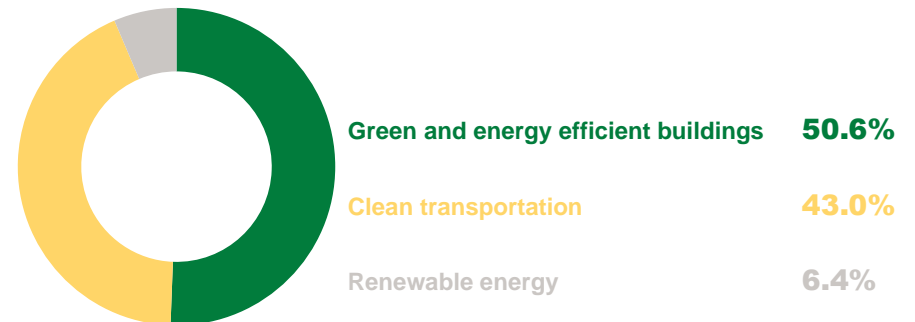
Green Mortgage distribution

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	29,727	3,244*	0.1
 Renewable energy	470	47,073	100
 Clean transportation	1,761	14,017	8
 Energy distribution	3,210	n/a	n/a
Total	35,167	64,334	
Disbursed amount with CO₂e impact	31,958		
Impact, tCO₂e per DKK million			2.0

*7,078 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

91%

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, 2023. 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 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.

The reported impact is based on amounts disbursed and outstanding for a project.

	Calculation of emissions avoided	Parameters and assumptions
 Green and energy-efficient buildings	<p>(Expected energy demand for reference building (kWh) – (Expected annual energy demand for financed building (kWh)) * Emission factor of heating source (gCO₂e/kWh)</p>	<p>Baseline emission factor:</p> <ul style="list-style-type: none"> Electricity: 315 gCO₂e/kWh (Source: Nordic Public Sector Issuers: Green bond reporting guidance 2020) District heating: 61 gCO₂e/kWh (Source: The Danish Energy Agency) Natural gas: 204 gCO₂e/kWh (Source: The Danish Energy Agency) <p>Baseline energy demand: Green buildings situated in Denmark are benchmarked against the minimum requirements set by the building code BR08, which corresponds to a national EPC B label. Green buildings situated in Sweden are benchmark against the top 15 % of the national building stock based on the guidance from the Swedish Building Owners (Fastighetsägarna).</p> <p>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).</p>
 Renewable energy	<p>(Baseline emission factor (gCO₂e/kWh) – asset specific emission factor (gCO₂e/kWh)) * annual production of energy (kWh)</p>	<p>Baseline emission factor: 315 gCO₂e/kWh (Nordic Public Sector Issuers: Green bond reporting guidance 2020)</p> <p>Emission factor for renewable energy (solar and wind): 0 gCO₂e/kWh</p>
 Clean transportation	<p>(Alternative fuel-based emission factor (gCO₂e/km) – vehicle specific emission factor (gCO₂e/km)) * annual kilometres</p>	<p>Alternative fuel-based transportation: 138 gCO₂e/km (Source: Danish Center for Environment and Energy (DCE))</p> <p>Vehicle-specific emissions: Based on WLTP data. In the absence of vehicle specific data, estimates calculated by the DCE for each vehicle type are used.</p> <p>Low-emission vehicles with CO₂e emissions up to 50 gCO₂/km (plug-in hybrids) are only accounted for until March 2023 when the Green Bond Framework was updated to include only zero-emissions vehicles.</p> <p>Average driving distance for Danish cars (Source: DCE):</p> <ul style="list-style-type: none"> Electric vehicles: 16,851 km/year Plugin hybrid: 22,262 km/year

Green and energy-efficient buildings



Buildings account for approx. 40% of energy consumed and 36% of energy-related greenhouse gas emissions in the EU (European Commission), and 45% and 27%, respectively, in Denmark (Concito). Nykredit aims to support the green transition of the housing sector through improvement of existing buildings, acquisition of low energy buildings and construction of new energy-efficient buildings.

The emissions avoided are calculated to be 3,244 tCO₂e when benchmarked against the national building code (see the methodology section). This figure would increase to approx. 7,078 tCO₂e if benchmarked against a national reference building.

Key data

Total amount disbursed 29,727 DKK million	No. of green building projects 212 projects
Energy savings 30,953 MWh	Annual GHG emissions avoided 3,244 tCO ₂ e
Impact 0.1 tCO ₂ e per DKK million	

Primary UN SDG contribution



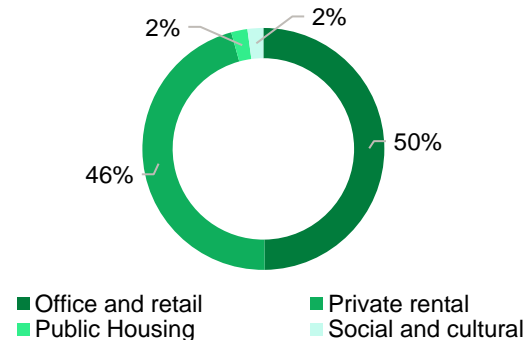
Industry, innovation and infrastructure

Primary EU Taxonomy Environmental Objective



Climate change mitigation

Outstanding amount disbursed



Fabege, Solna, Sweden

Nykredit has provided a green mortgage loan to Fabege's building complex in Solna, Sweden. The building has an Energy Performance Certificate (EPC) class A and a very low energy demand (51 kWh/kvm).

The building has been awarded with the BREEAM In-Use 'Excellent'-certificate.

It is, amongst other things, used as the headquarters of the telecommunications company Telia.

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 470 DKK million	No. of renewable energy projects 6 projects
Estimated installed capacity 117 MW	Estimated annual energy production 149 GWh
Annual GHG emissions avoided 47,073 tCO ₂ e	Impact 100 tCO ₂ e per DKK million

Primary UN SDG contribution



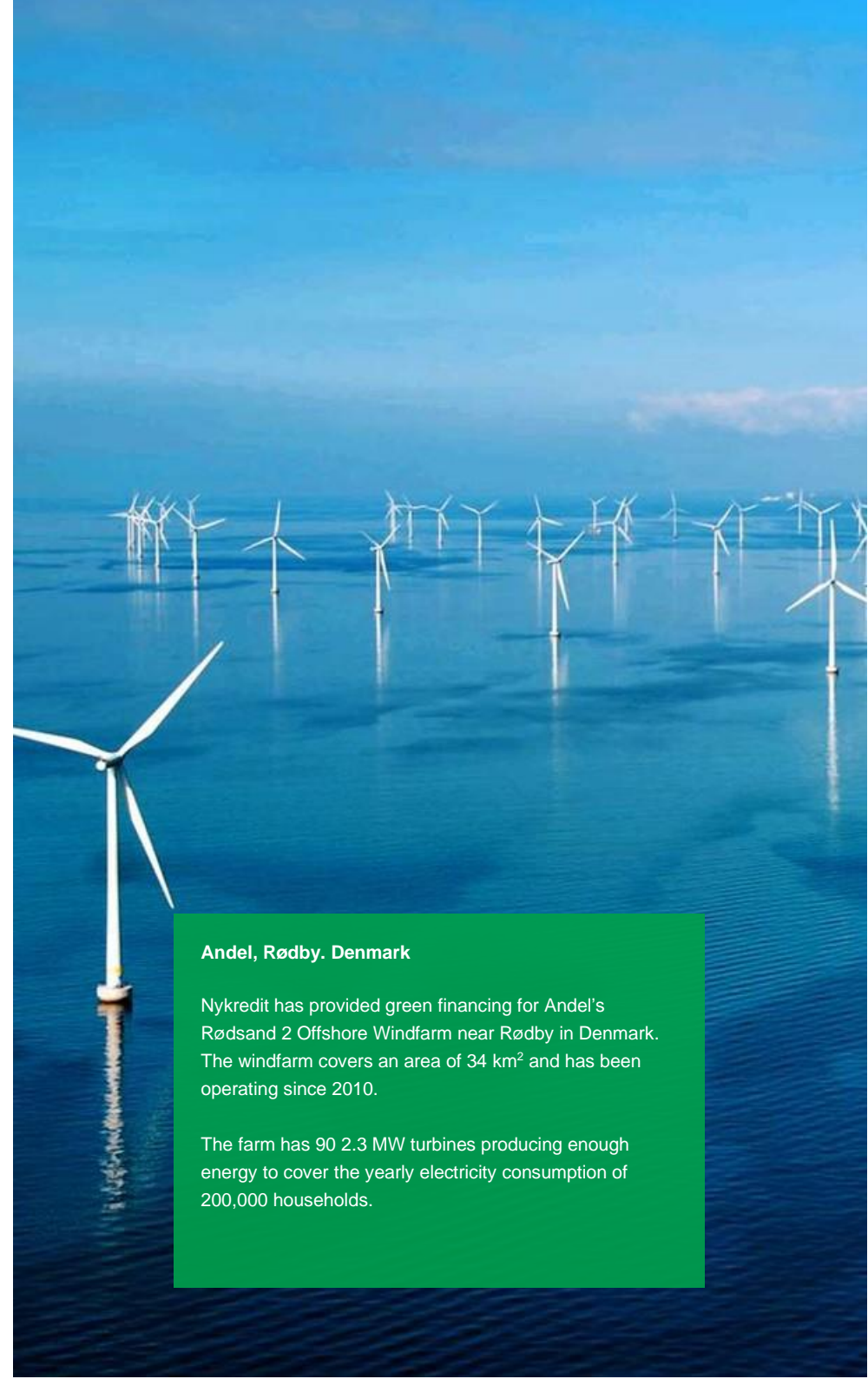
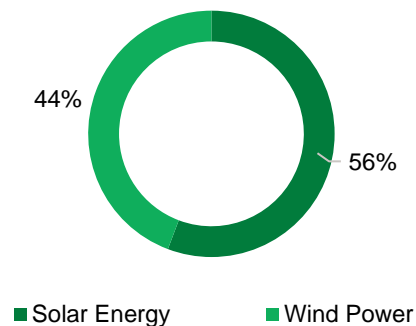
Affordable and clean energy

Primary EU Taxonomy Environmental Objective



Climate change mitigation

Outstanding amount disbursed



Andel, Rødby, Denmark

Nykredit has provided green financing for Andel's Rødsand 2 Offshore Windfarm near Rødby in Denmark. The windfarm covers an area of 34 km² and has been operating since 2010.

The farm has 90 2.3 MW turbines producing enough energy to cover the yearly electricity consumption of 200,000 households.

Clean transportation



The ongoing replacement of fossil fuel vehicles with zero-emission vehicles is an essential part of the journey towards decarbonisation 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 has set as a target that 50% of new car loans must be for electric cars by 2023-2025. This target is on track to be achieved driven, amongst other things, by competitive, low prices. The updated Green Bond Framework only includes zero-emissions vehicles as eligible assets for bond ISINs opened after April 2023.

Key data

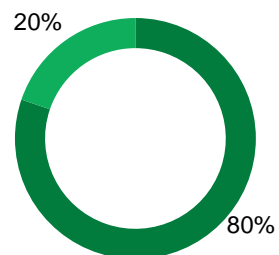
Total amount disbursed 1,761 DKK million	No. of low and zero emission cars financed 7,252 Cars
Annual GHG emissions avoided 14,017 tCO ₂ e	Impact 8 tCO ₂ e per DKK million

Primary UN SDG contribution



Sustainable cities and communities

Outstanding amount disbursed



■ Electric cars ■ Plugin hybrid cars

Primary EU Taxonomy Environmental Objective



Climate change mitigation



Nykredit green car loan (Grønt Billån)

Nykredit's green car loan makes it attractive for our customers to choose an electric vehicle, supporting the transition of the passenger car fleet towards lower carbon emissions.

We offer loans at a lower interest rate compared with loans for conventional cars. In 2023, 71% of cars financed by Nykredit were electric cars, which is considerably above the market average in Denmark.

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. Therefore 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 1.8 million households.

Key data

Total amount disbursed 3,210 DKK million	No. of energy distribution projects 2 projects
Distance of transmission cables 6,920 Km	Annual energy transmitted 2,518 GWh
Power transformers 3,050 transformers	

Primary UN SDG contribution

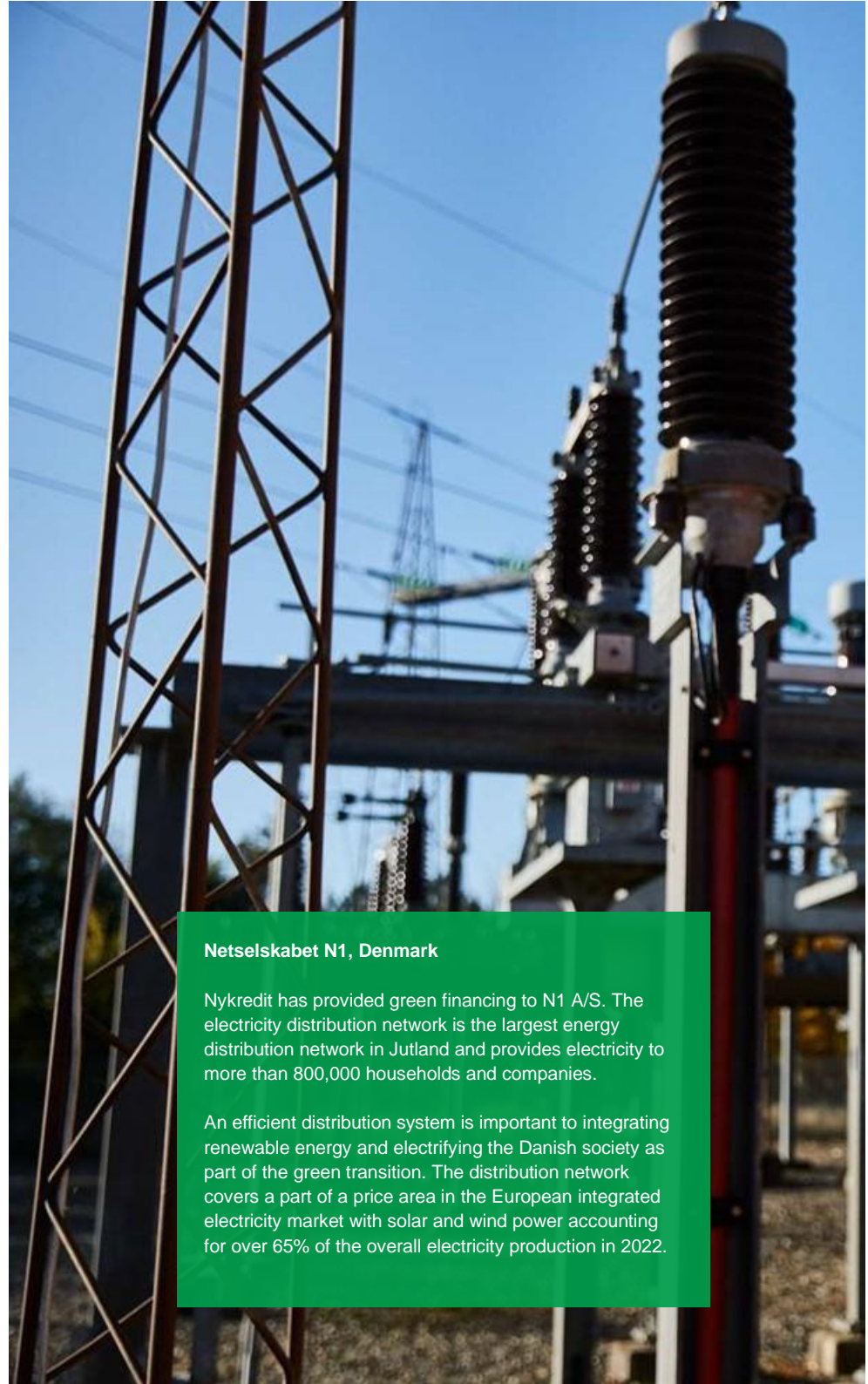


Industry, innovation and infrastructure

Primary EU Taxonomy Environmental Objective



Climate change mitigation



Netselskabet N1, Denmark

Nykredit has provided green financing to N1 A/S. The electricity distribution network is the largest energy distribution network in Jutland and provides electricity to more than 800,000 households and companies.

An efficient distribution system is important to integrating renewable energy and electrifying the Danish society as part of the green transition. The distribution network covers a part of a price area in the European integrated electricity market with solar and wind power accounting for over 65% of the overall electricity production in 2022.

Nykredit Green Bond issuance

<p>ISIN DK0009539975</p> <p>Status SDO</p> <p>Rating AAA (S&P)</p> <p>Issue date 14-09-2022</p> <p>Maturity date 01-04-2026</p> <p>Currency DKK</p> <p>Outstanding volume 4,118m</p> <p>Coupon 3M CIBOR + 30 bps</p> <p>Listing Nasdaq Copenhagen</p> <p>Framework GBF 2023</p>	<p>ISIN DK0009531998</p> <p>Status SDO</p> <p>Rating AAA (S&P)</p> <p>Issue date 15-02-2021</p> <p>Maturity date 01-10-2024</p> <p>Currency SEK</p> <p>Outstanding volume 10,522m</p> <p>Coupon 3M STIBOR + 75 bps</p> <p>Listing Nasdaq Copenhagen</p> <p>Framework GBF 2020</p>	<p>ISIN DK0030513585</p> <p>Status Tier 2</p> <p>Rating BBB+/BBB (Fitch/S&P)</p> <p>Issue date 26-10-2022</p> <p>Maturity date 26-10-2032</p> <p>Currency DKK</p> <p>Issue size 950m</p> <p>Coupon 3M CIBOR</p> <p>Listing Nasdaq Copenhagen</p> <p>Framework GBF 2020</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 10,568m</p> <p>Coupon 3M CIBOR + 10 bps</p> <p>Listing Nasdaq Copenhagen</p> <p>Framework GBF 2020</p>	<p>ISIN DK0009538738</p> <p>Status SDO</p> <p>Rating AAA (S&P)</p> <p>Issue date 22-08-2022</p> <p>Maturity date 01-10-2026</p> <p>Currency SEK</p> <p>Outstanding volume 7,686m</p> <p>Coupon 3M STIBOR + 75 bps</p> <p>Listing Nasdaq Copenhagen</p> <p>Framework GBF 2020</p>	<p>Nykredit has issued a total of six green covered bonds and one tier 2 bond.</p> <p>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 2023, Nykredit opened two new DKK bonds to cater for refinancing and for ongoing new lending.</p>
<p>ISIN DK0009540049</p> <p>Status SDO</p> <p>Rating AAA (S&P)</p> <p>Issue date 14-09-2022</p> <p>Maturity date 01-04-2026</p> <p>Currency DKK</p> <p>Outstanding volume 8,353m</p> <p>Coupon 3M CIBOR + 14 bps</p> <p>Listing Nasdaq Copenhagen</p> <p>Framework GBF 2020</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 675m</p> <p>Coupon 3M CIBOR + 15 bps</p> <p>Listing Nasdaq Copenhagen</p> <p>Framework GBF 2020</p>	<p>Nykredit has issued one tier 2 bond based on eligible assets from Nykredit Bank. The issue took place in the form of private placements.</p>

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