

Nykredit Group

Green Bond Investor Presentation

November 2020

Numbers relate to
Nykredit A/S



Agenda

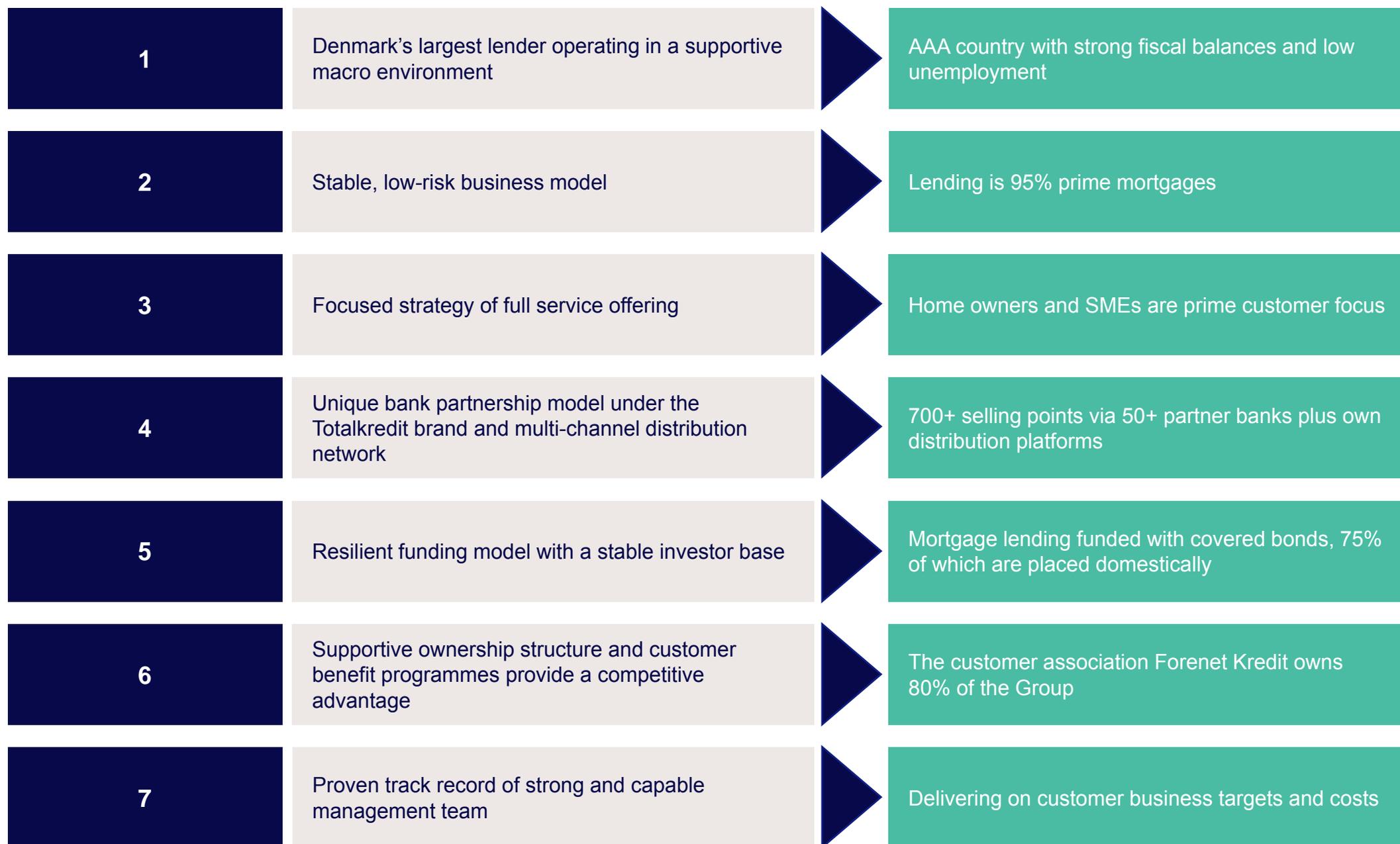
1 Nykredit – An Introduction

2 Responsibility at Nykredit

3 Green Bond Framework

4 Appendix

Nykredit at a glance

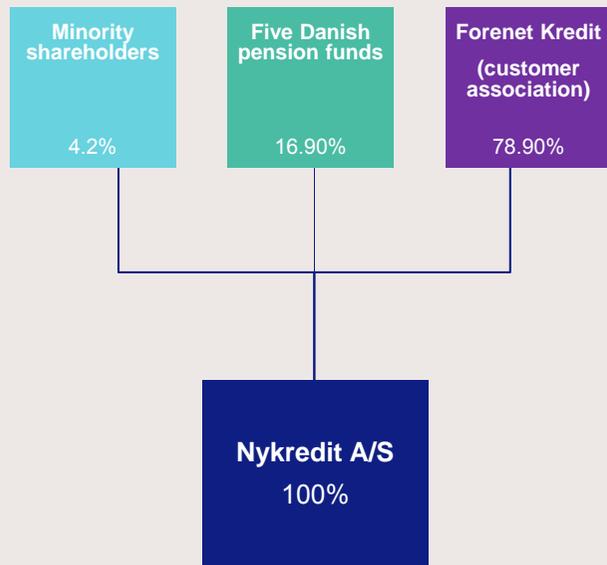


Nykredit is owned by our customers

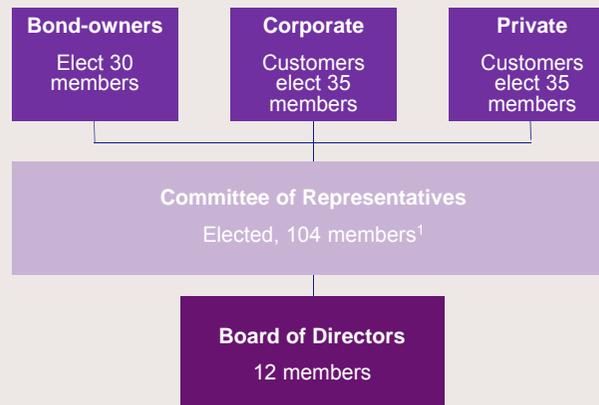
- Nykredit was founded by our customers and is still to this day predominantly owned by an association of customers, Forenet Kredit, which is the majority shareholder of Nykredit.
- Being owned by more than one million customers gives us a special responsibility for operating our business in ways that create value for them and for society.

Nykredit is predominantly owned by a customer association, Forenet Kredit

- The pension funds are controlled by more than 2.2 million customers
- Nykredit and Totalkredit customers are members. All members have one vote each



Forenet Kredit is controlled by our customers



Key priorities for Forenet Kredit

- Danish mortgage lending. Also for future generations
- Homeowners and businesses all over Denmark
- We share profits

Forenet Kredit's sole purpose is to be the principal shareholder of Nykredit. It is committed to supporting Nykredit's capital position and customer benefits programmes.

¹ Includes four employee representatives from Nykredit A/S

Forenet Kredit's priorities reflected in Nykredit's core values



Pledge to our customers

We will provide our customers with financial security through sound advice and products tailored to their needs, and we will share our success with our customers.



Pledge to society

We will be active in all of Denmark and support growth – in urban and rural districts alike. At all times. We will also do our best to create a greener Denmark for our children and for future generations.



Pledge to our business partners

In collaboration with our partners in the Totalkredit alliance, we want to make a difference to our customers by offering attractive products and effective solutions. We will prioritise joint solutions and actively contribute to developing and expanding our alliance so that we and our partners become more together.



Pledge to our staff

We will prioritise development and opportunities for people who will and can make a difference. We want to be known for our trusting culture guided by customer focus, team spirit and empowerment.



Pledge to our bond investors

As one of Europe's largest bond issuers, we will provide a stable and secure investment opportunity for domestic and foreign bond investors.



Pledge to our shareholders

We will strive to be a successful and well-capitalised business that thinks and acts for the long term. We will generate market-consistent dividend to the benefit of our Danish owners.

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



Joint development and scaling benefits strengthen Nykredit and our 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



- Responsibility is incorporated in our business strategy: “We want to be the customer-owned, responsible financial provider for people and businesses all over Denmark”
- The objective is to ensure that Nykredit's business strategy at all times is in alignment with societal goals and that we give priority to corporate responsibility on an equal basis with the strategy's other objectives regarding Nykredit's and Totalkredit's positions in the market

Nykredit's ratings

Nykredit's ratings

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

Nykredit's ESG ratings

| | Score | Range |
|---|---------------|----------|
|  | A | CCC-AAA |
|  | 16.5 Low Risk | 100 - 0 |
|  | B | D- to A+ |



Source: Nykredit company reports

Agenda

1 Nykredit – An introduction

2 Responsibility at Nykredit

3 Green Bond Framework

4 Appendix

Responsibility at Nykredit

- Nykredit operates in alignment with international standards
- We endorse the SDGs and the environmental objectives of the EU Regulation

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.

As a financial mutual, Nykredit has a natural alignment with the SDGs.

We have analysed the 17 SDGs and identified the goals upon which we can make the greatest impact:



Our Green Bond Framework will also support SDGs 6, 12 and 15.

Operating in alignment with international standards

Nykredit operates 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 on responsible business practices, which include a commitment to promoting human rights, labour standards, the environment and anti-corruption.

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

Wherever relevant, we support and apply OECD’s Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.



Responsibility as an important part of Winning the Double 2.0

We have defined three strategic themes to ensure that corporate responsibility is prioritised and on an equal basis with our strategy's other objectives. The themes derive from the UN Sustainable Development Goals, the Paris Agreement and national objectives in a range of areas that Nykredit should address.

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 sustainable development

- Sustainable product offering, focused on
 - Sustainable housing
 - Sustainable businesses and properties
 - Sustainable agriculture
 - Responsible investments
- Integrating sustainability in our
 - Risk management
 - Credit assessment practices
 - Investment processes



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



Data security



A greener
Nykredit



Diversity and
inclusion



Initiatives to
combat
financial crime



Responsible
procurement



Responsible
business
conduct

Green initiatives at Nykredit

Green initiatives

- Nykredit just launched a new Green Bond Framework. Nykredit launched its first green bonds in 2019
- Special discount on car loans for electric and hybrid cars
- Green bank loans promoting energy renovation for our retail clients and new digital service
- A green contributing of DKK 10,000 to 3,000 customers who replace their oil fired boilers with heat pumps
- Green leasing product for farmers
- Nykredit offers responsible investments through Nykredit's Nordic Swan Ecolabelled fund "Bæredygtige Aktier" (sustainable equities)
- Nykredit's green initiatives are sponsored by the majority shareholder, Forenet Kredit, which has contributed DKK 200m to green initiatives at Nykredit



We want to be the customer-owned, responsible financial provider for people and businesses all over Denmark

Nykredit will actively support sustainable development: Our four priorities



Sustainable housing



Sustainable businesses and properties



Sustainable agriculture



Responsible investment

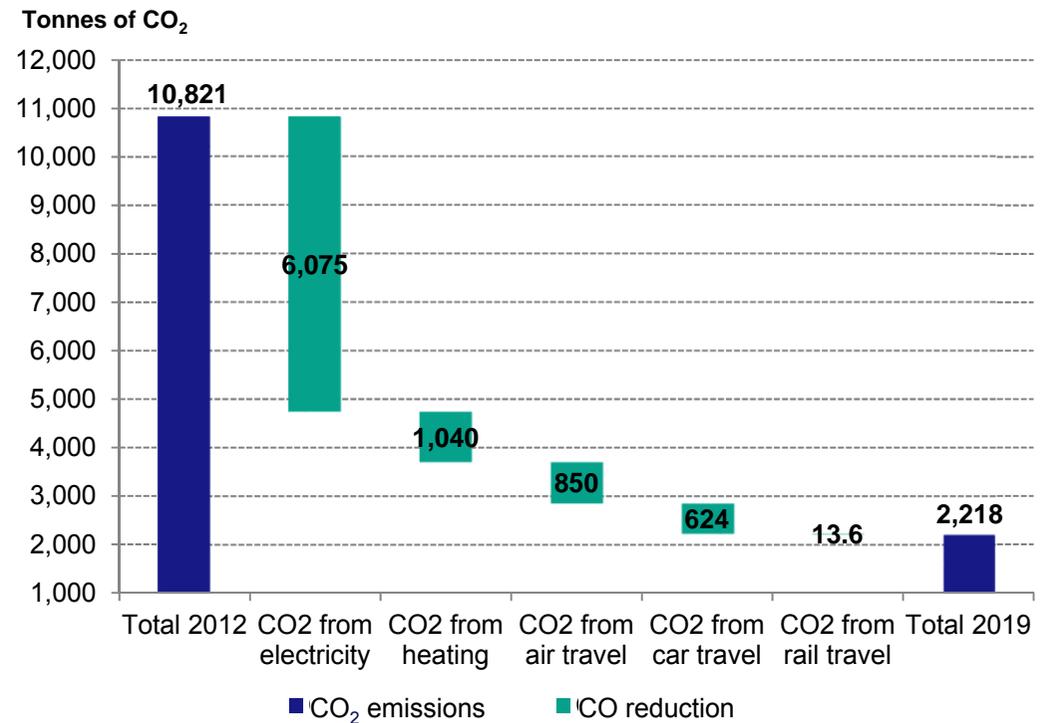
Leading by example

- Nykredit aims to reduce our own environmental footprint, in particular our carbon emissions
- In 2019 we attained our 2020 target of reducing the Group's carbon emissions by 65% relative to the level in 2012, and we have set new ambitious targets for 2025
- Since 1 January 2020 Nykredit has compensated for our remaining unavoidable carbon emissions through third-party verified Gold Standard carbon credits and as of that date Nykredit is officially 100% carbon neutral

How Nykredit reached the 2020 target for CO₂ reduction

| | |
|------|---|
| 2014 | Began installing solar cell panels. Up to and including 2019, we have generated 1,794 MWh in our nine solar cell panel systems, corresponding to some 423 tonnes of CO ₂ . |
| 2015 | Optimised space management by moving to new locations. Since 2015 we have reduced our office space area by 4,320 sqm, corresponding to a decrease of about 2,020 MWh. |
| 2016 | Began replacing lighting with LED lighting. We have replaced over 40% of the lighting in all properties with energy-friendly LED light sources. |
| 2017 | Decision to purchase 100% origin-certified biogas. Up to and including 2019, we have saved 182 tonnes of CO ₂ . |
| 2018 | Decision to purchase 100% origin-certified electricity from wind turbines. Up to and including 2019, we have saved 2,124 tonnes of CO ₂ . |

Nykredit has reduced total carbon emissions



New targets at Nykredit

| | | | |
|--|--|---|--|
| 80% of waste will be recycled in 2023 | 100 kg waste per staff member in 2023 | 15,369 MWh consumed by the end of 2025 (25% reduction compared with 2017-level) | 5% annual reduction in CO ₂ emissions per staff member until 2025 |
|--|--|---|--|

Agenda

1 Nykredit – An introduction

2 Responsibility at Nykredit

3 Green Bond Framework

4 Appendix

1

Rationale

- We are committed to supporting our customers in making sustainable choices through a higher share of positive impact financing across a wide range of products.
- With this Green Bond Framework we aim to channel even more investments towards sustainable assets, thereby increasing the positive environmental impact. Issuance of Green Bonds will help:
 - Promote the transition to a low-carbon and climate resilient society;
 - Support the development of sustainable investment opportunities for investors;
 - Support the development of the green bond market;
 - Support the diversification of the investor base.



2

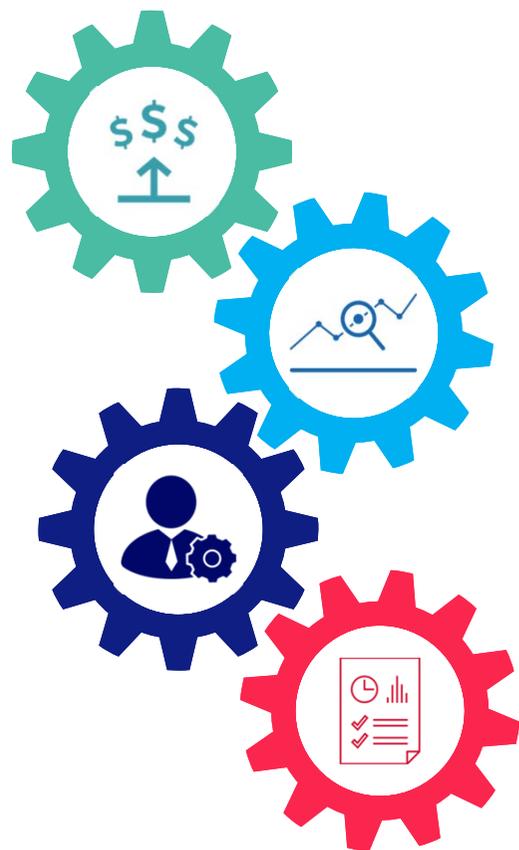
Green Bonds



- Nykredit's Green Bond Framework is structured in line with the ICMA's Green Bond Principles 2018.
- Nykredit may issue Green Bonds in various formats, such as covered bonds, senior preferred debt, senior non-preferred debt, and subordinated debt.
- An amount equal to the net proceeds will be used to:
 - Finance and/or re-finance Eligible Green Assets, which meet the requirements of the Framework and have been identified by Nykredit Green Bond Committee as assets that contribute to the UN's SDGs and the EU's Environmental Objectives.



Nykredit's Green Bond Framework



Use of Proceeds

- Nykredit will allocate an amount equal to the proceeds of the Green Bonds to finance or re-finance green bond eligible assets (“Eligible Green Assets”) within the selected Green Asset Categories described in the framework

Process for Project Evaluation and Selection

- The Green Bond Committee will ensure ongoing compliance with the green bond framework
- 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
- Group Treasury handles the day-to-day management of proceeds including the allocation process

Reporting

- Allocation and impact reporting



Green Asset Categories

Green buildings

Residential housing and other buildings with an energy label corresponding to A or B or equivalent certification. Major renovations that lead to a reduction of at least 30% kWh/sqm per year. Individual measures related to eg installation of heat pumps, solar panels or energy-efficient lighting.

Renewable energy

Facilities, including associated equipment and infrastructure relating to wind power, solar energy, bioenergy, hydropower and geothermal. All eligible renewable energy generation projects must operate at life cycle emissions lower than 100gCO₂e/kWh.

Clean transportation

Fully electrified, hydrogen, fuel cell or other vehicles, such as passenger cars with emissions lower than 50gCO₂/km. EV charging stations and supporting electric infrastructure for the electrification of transport.

Energy distribution

Direct connections and expansions of direct connections of renewable energy sources. Storage facilities including electricity storage and thermal energy storage.

Sustainable management of living natural resources and land use

Forest land and forestry certified to the Programme for the Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC) standards. Agriculture with established management practices or equivalent as defined in the EU Taxonomy.

Sustainable water and wastewater management

Water collection, treatment and supply facilities, which have an average energy consumption of the system of maximum 0,5 kWh per cubic meter billed/unbilled authorised water supply or decrease the average energy consumption of the system by at least 20%.

Eco-efficient and/or circular economy adapted products, production technologies and processes

All facilities, including associated equipment and infrastructure, contributing to waste reduction, reuse and recycling.

Climate change adaptation

Expenses linked to maintaining or enhancing the resilience of an asset to all material physical climate risks identified for the economic activity to the extent possible and on a best effort basis with reference to the EU Taxonomy.



Process for Project Evaluation and Selection

- Strong management supervision of the Green Bonds
- The Green Bond Committee will ensure ongoing compliance with the Green Bond Framework
- Nykredit's Group Treasury will review the eligibility of assets

The process for evaluation and selection of eligible assets

- The Green Bond Framework is approved by Nykredit's Corporate Responsibility Committee managed by the Green Bond Committee
- The Green Bond Committee consists of members from a group of business units with relevant stakes in Nykredit's Green Bonds
- The Green Bond Committee will meet on a regular basis (at least annually) to ensure ongoing compliance with the Green Bond Framework
- Nykredit's business units nominate potentially Eligible Green Assets for Nykredit's Green Pool in accordance with the eligibility criteria defined in the "Use of Proceeds" section of the Framework
- Nykredit's Group Treasury reviews and approves the nominated assets

Governance for green covered bond





- 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

- An impact report will be made available annually and will include a description of the applied methodology, on a best effort basis, to support transparency and comparability
- Examples of the impact measurement indicators:
 - Estimated ex-ante annual energy savings in MWh
 - Annual renewable energy generation (MWh)
 - Estimated ex-ante annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
 - Volume of water saved, reduced or treated (m³)
 - No of clean transportation vehicles and/or charging stations

See appendix for all indicators Nykredit aims to include in the reporting.

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

1



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

■ Second Party Opinion

" Sustainalytics is of the opinion that the Nykredit Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. "

" Sustainalytics is of the opinion that the Nykredit Green Bond Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities."

" Sustainalytics believes that the use of proceeds from Nykredit's Green Bonds will increase the share of renewable energy generation, harvest the full potential of renewables, support a shift towards a decarbonised energy matrix in Denmark, and thus the Framework will help meet the country's GHG gas emission reduction targets."

2

■ Verification – Assurance Report

- Nykredit will request 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 Sustainalytics.

Investor Relations contacts

Morten Bækmand Nielsen

Head of Investor Relations

Tel: +45 44 55 15 21

Mobile: +45 23 39 41 68

Email: mobn@nykredit.dk



Hanne Søgaard Foss

Investor Relations Manager

Tel: +45 44 55 12 36

Mobile: +45 26 36 89 18

Email: hsan@nykredit.dk



Marie Louise Lund

Chief Project Manager of Green Bonds

Tel: +45 44 55 14 67

Mobile: +45 23 67 49 30

Email: mllu@nykredit.dk



Visit Investor Relations at www.nykredit.com/ir

Disclaimer

Disclaimer

The information in this material (hereinafter the "Information") has been compiled by Nykredit Realkredit A/S (hereinafter "Nykredit") for informational purposes only. The Information is primarily based on information accessible to the public.

The Information is believed to be reliable. However, Nykredit does not guarantee the timeliness, sequence, accuracy, correctness, adequacy, or completeness of the Information or opinions contained therein, nor does Nykredit make any representations or warranties of any kind, whether express or implied. Further, labelling certain securities as "Green Bonds" does not, directly or indirectly imply any representation or warranty of any kind that these securities will satisfy the expectation or perception of any third party, as to what a "Green Bond"-label entails, neither at issuance or in future.

The Information does not constitute an offer to sell or the solicitation of an offer to buy any securities mentioned in the Information.

Nykredit makes no representation or warranties and gives no advice concerning the appropriate legal treatment, regulatory treatment, accounting treatment or possible tax consequences in connection with an investment in securities mentioned in the Information. Before proceeding with any such investment investors should determine, without reliance upon Nykredit, the economic risk and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of such an investment and that investors are able to assume these risks. Investors should conduct their own analysis, using such assumptions as they deem appropriate in making an investment decision. Nykredit does not accept any liability for any loss, howsoever arising, directly or indirectly from the issue of the Information or its contents including transactions made based on information therein.

The Information contains certain tables and other statistical analyses (the "Statistical Information") which have been prepared in reliance upon information accessible to the public. Numerous assumptions were used in preparing the Statistical Information, which may not be reflected herein. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, nor as to whether the Statistical Information and or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. Calculations and presentations are based on ordinary econometric and financial tools and methods as well as publicly available sources.

Assessments and recommendations, if any, made in the Information may involve substantial risks. Such risks, including a sensitivity analysis based on relevant assumptions, have been described in the Information.

Nykredit and/or other companies of the Nykredit Group are financial institutions and banks that trade in securities. Any company in the Nykredit Group may buy, sell or hold positions in the securities mentioned in the Information, just as these companies may be involved in activities involving companies mentioned herein.

The Information is being directed at you solely in your capacity as a relevant person for your information and may not be reproduced or redistributed or passed on to any other person or published in whole or in part, for any purpose, without the prior written consent of Nykredit. Relevant persons are persons who have professional experience in matters relating to investments in securities mentioned in the Information and to whom the Information may be lawfully communicated.

The Information may not be acted on or relied on by persons who are not relevant persons.

Impact Reporting, Indicators

| Eligible Green Assets | | | |
|--|---|---|--|
| Selected Categories | Nykredit Sub-Categories | Impact Measurement Indicators | |
| Green Buildings | Green buildings, major renovations, individual measures and professional services | Estimated ex-ante annual energy savings in MWh, no of individual renovations | Estimated ex-ante annual GHG emissions reduced/avoided in tonnes of CO ₂ equivalent |
| Renewable energy | Wind power, solar energy, bio energy, hydropower, geothermal energy | Annual renewable energy generation (MWh) and/or capacity of renewable energy plant(s) | Estimated ex-ante annual GHG emissions reduced/avoided in tonnes of CO ₂ equivalent |
| Clean transportation | Electric, hydrogen, and fuel cells vehicles and associated infrastructure | No of vehicles and/or charging stations | Estimated ex-ante annual GHG emissions reduced/avoided in tonnes of CO ₂ equivalent |
| Energy distribution | Energy storage, transmission and distribution infrastructure | Distance of transmission, energy transmitted (MWh), energy stored (in MWh) | Estimated ex-ante annual GHG emissions reduced/avoided in tonnes of CO ₂ equivalent |
| Sustainable management of living natural resources and land use | Forestry, agriculture | Area of certified sustainable forest land/farm land (ha), no of farm units | |
| Sustainable water and wastewater management | Sustainable water and wastewater management | Volume of water saved, reduced or treated (m ³) | Energy savings (kWh) |
| Eco-efficient and/or circular economy adapted products, production technologies and processes | Waste management | Waste recycled or diverted from landfill (tonnes) | |
| Climate change adaptation | Adaptation activities | Qualitative description of projects | |

Nykredit

Kalvebod Brygge 1-3
DK-1780 Copenhagen V

+45 44 55 10 00
[Nykredit.com/ir](https://www.nykredit.com/ir)

This report was printed at Nykredit's
Swan Ecolabelled printing facility.

