

Green Finance Framework Impact Report

February 2022



JYSKE BANK

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Jyske Bank Green finance development

Green Finance Framework

Jyske Bank Group introduced the first Group Green Finance Framework in February 2020. The framework was created to set standards for identification, selection, verification and reporting of green financing. With the definitions under the framework, Jyske Bank can direct financing more directly to the green activities defined in the framework.

To set an ambition for the future green financing from Jyske Bank, targets within different areas, was set up in the framework. The targets are not fixed and can be revised on a regularly basis. For this year's reporting, revised targets were introduced for green buildings and renewable energy. For green buildings the target was increased by 5bn to total 15bn before end-2025 and for green energy the target was revised from financing yearly production of 4 TWh renewable to 5 TWh before end-2025.

Since the first reporting in 2020 Jyske Bank has further developed the Green Finance Framework and has in 2021 obtained a second party opinion from Sustainalytics. Since receiving the second party opinion no significant changes to the definitions of green financing have been made.

Green bonds

With the increased focus on financing of green activities the Jyske Bank Group was in 2021 able to issue two inaugural green bonds – a covered bond from Jyske Realkredit and a EUR 500m senior non-preferred from Jyske Bank. Both bonds have been very well received by the market.

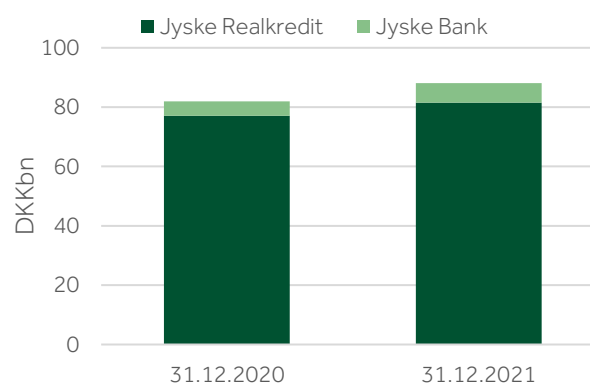
Development in financing 2021 and outlook for 2022

The increased focus financing of green activities continued in 2021. In the Jyske Bank A/S the financing of green activities was increased from

DKKm 4,836 in 2020 to DKKm 6,648 in 2021. Primarily due to growth within financing of renewable energy and clean transportation.

The green financing is mainly provided to activities in Denmark. For renewable energy and clean transportation financing is also provided to activities located in Germany, Sweden and Poland.

Green Financing in Jyske Bank Group



With the increased focus on green financing from both the society and Jyske Bank Group, the green activities are expected to increase in the following years. Jyske Bank finances green companies that are some of the leading within their field of expertise – see examples in the below sections.

EU taxonomy

A first delegated act on sustainable activities for climate change adaptation and mitigation objectives under the EU taxonomy was approved on 21 April 2021 and formally adopted on 4 June 2021. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. Jyske Bank believes that the EU taxonomy over time will be the reference point for the definition of green activities. To a large extent, the criteria in Jyske Bank Green Finance Framework are already compliant with the EU technical screening criteria for mitigation objectives.

Green financing categories

The categories Jyske Bank has defines as supporting the green transition, including the relevant UN SDG they support are listed below. A further specification of the categories can be found in the framework (investor.jyskebank.com/gff).

Category	Project types	UN SDG
Renewable energy	<p>Renewable energy includes generation from renewable sources, transition and transmission and activities relating to production:</p> <ul style="list-style-type: none"> • Wind energy • Solar energy • Geothermal energy • Biomass and biogas • Power-to-X • Transmission and energy storage • Manufacturing, installation and repair of renewable energy facilities 	
Green buildings	<p>Green buildings include buildings with low energy consumption and renovations for reduction of energy consumption:</p> <ul style="list-style-type: none"> • Buildings with Energy Performance Certificate A and B • Buildings build after 2009 • Buildings with a reduction of the energy consumption by a minimum of 30% when renovated • Housing loans for energy efficiency measures in existing properties 	 
Clean transportation	<p>Clean transportation includes transportation with low CO₂e emissions - electric, hybrid, biogas and hydrogen:</p> <ul style="list-style-type: none"> • Low-emission passenger cars and vans • Low-emission passenger transport • Low-emission goods transport • Infrastructure to support clean transportation 	
Sustainable use of natural resources	<p>Sustainable use of natural resources includes production based on natural resources with a minimal impact on the environment:</p> <ul style="list-style-type: none"> • Sustainable agriculture • Sustainable forestry • Sustainable fishery • Planting of areas/production for renewable energy • Processing of certified products 	  
Recycling and sustainable production	<p>Recycling and sustainable production includes activities supporting recycling and environmental responsible handling of resources:</p> <ul style="list-style-type: none"> • Production from recycled existing materials • Circular economy • Waterworks and wastewater management and treatment • Waste management • Pollution prevention and control 	  

Green Finance Impact Reporting

In the following section the financing by Jyske Bank Group to the selected five areas defined in Jyske Bank Group Green Finance Framework is presented. For these areas, increased focus and finance from the Jyske Bank Group will support the transition for green and sustainable developments. Since green bonds are issued from both Jyske Bank A/S and Jyske Realkredit A/S impact reporting are performed separately for the two entities.

Jyske Bank A/S

Green category	Use of proceeds DKKm ¹	Annual energy production GWh ²	Annual energy use avoided GWh	Annual emissions avoided (tCO ₂ e) ³
Renewable energy	2,810	2,271		715,365
Green buildings ⁴	552		162	1,265
Clean transportation	2,755			24,734
Sustainable management of natural resources ⁵	259			-
Recycling and sustainable production ⁶	272			-
Total	6,648	2,271	162	741,364

Jyske Realkredit A/S

Green category	Use of proceeds DKKm	Annual energy production GWh	Annual energy use avoided GWh	Annual emissions avoided (tCO ₂ e)
Renewable energy	1,143	334		285,510
Green buildings	80,326		1,325	184,020
Total	81,469	334	1,325	469,530

¹ Jyske Bank A/S has granted additional DKKm 2,659 in unused credit facilities for green lending.

² Includes 310 GWh expected production (under construction).

³ Includes 97,650 expected annual emissions avoided (under construction).

⁴ Only including mortgage loans for financing of housing activities. Cash-out loans based on housing collateral are not included.

⁵ No lending to certified fishery is included in 2021.

⁶ Compared to 2020 reporting only drawn credit facilities are included.

Methodology

This reporting for Jyske Bank Group Green Finance Framework includes all green activities⁷, that live up the criteria stated in Jyske Bank Group Green Finance Framework, as of the end of 2021.

The reporting distinguishes between actual and expected impact and includes only Jyske Bank's share of the financed activity.

This report aggregates activities into five green categories, defined in the framework, and not on individual projects. Reporting on Green Bonds reflects all the green activities in the loan portfolio. Changes in asset composition will drive the developments of the impact.

To the extend available, the impact is based on data reported by the projects or companies or available public data on the specific sector. The impact depends on the baselines for each green category. The baseline numbers for buildings and transportation are based on the Danish banking sector model⁸ while renewable energy follows the definitions set out in "Nordic Position Paper on Green Bond Impact Reporting" (2020)⁹.

Since electricity is traded cross-border, production of renewable electricity will not only be used in the county it is produced but transported to multiple countries. Therefor a European energy mix is used as baseline.

Jyske Bank calculate energy consumption and emissions for each individual building using EPCs, floor area and heating source. Energy reduction and avoided emissions for green buildings are calculated relative to buildings without EPC A or B, financed by Jyske Bank Group.

Avoided emissions for clean transportation are calculated relative to alternative comparable transportation (Euro 6 or newer for cars) based on a fossil fuel. The calculations are based on DCE's (Danish Centre for Environment and Energy) model for transportation and on Yearly Energy Statistics (2019) from Danish Energy Agency. The Danish mix of electricity leads to emissions of 25 g CO₂/km for electric cars, 70 g CO₂/km for hybrid cars and 82 g CO₂/km for an electric bus. Reduction in emissions is based on the full reduction for the vehiclele.

Baseline

Green category	Subcategory	Method/source	Baseline
Renewable energy		Nordic Position Paper on Green Bond Impact Reporting" (2020).	315g CO ₂ e /kWh
Green buildings		Finance Denmark CO ₂ -model	13kg CO ₂ e /M2 per year 149 Kwh /M2 per year
Clean transportation	Cars and vans	Finance Denmark CO ₂ -model	2.8 TCO ₂ per year
	Passenger transport (bus)	Danish Road Traffic Authority (Færdselsstyrelsen)	64.0 TCO ₂ per year

⁷ Guarantees provided to green activities by Jyske Bank are not included.

⁸ <https://finansdanmark.dk/media/47145/finance-denmark-co2-model.pdf>

⁹ https://www.kuntarahoitus.fi/app/uploads/sites/2/2020/02/NPSI_Position_paper_2020_final.pdf

Working with our clients on sustainability

Sustainable transition and adaptability have become increasingly important to us and our clients in line with the importance of the agenda and the rising focus worldwide. This is the situation at Jyske Bank as the clients are increasingly demanding knowledge about the way in which we work with sustainability, and they expect us to be a responsible partner. This is also reflected in legislation as we must document the sustainability of our loans in the bank. Consequently, we enquire information about our clients' strategy in the area, challenge them on their sustainability efforts and attempt to encourage them to develop their business in a more sustainable direction.

Via our specialist function we support the transition of corporate clients into a sustainable and profitable business through client dialogues. The dialogue about sustainability focuses on assisting the client in moving into a more sustainable direction and getting an idea of their adaptability. The dialogue may for instance be about green financing and investment opportunities at Jyske Bank, rules and requirements for reporting of sustainability initiatives as well as documentation and verification hereof.

We support competence development and prepare models and tools supporting corporate

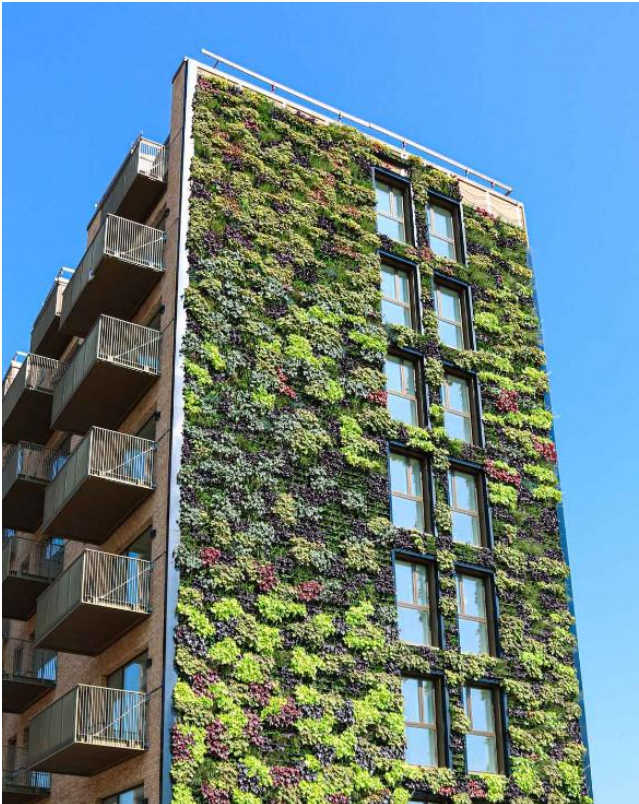
partners and senior relationship managers in their challenging client dialogue about sustainability and adaptability. The purpose of the tools is to identify the clients' barriers and opportunities within sustainable transition and inspire clients to work with sustainable business development and secure an adaptive culture in the business sector.

At Jyske Bank, we develop new innovative and attractive products which may be offered to the clients who want to increase their focus in sustainability. These products are developed within the framework of Jyske Bank's overall framing Green Finance Framework in a cross-operational cooperation in the group.

In Jyske Bank we support the green transition - from loans for energy refurbishment of private houses to financing of large-scale wind and solar parks for production of renewable energy. We have collected some of the projects we finance in the below examples.



Katrine Ziska
Specialist, Sustainability



Green Buildings: Hibiscus Hus

FB Gruppen A/S and DSB Ejendomsudvikling A/S are cooperating on constructing of 375 individual green apartments in Copenhagen. The building is located at the old "Grønttorv" - a historical place where fruit traders, greengrocers and florists for more than 50 years were selling their products to Copenhagen and its suburbs. Today, this former market is coming to life again as a new green and modern part of the city.

The building has been constructed with a green 165 m² signature gable giving it a unique appearance and keeping the legacy to the former use of the location. The building has an A2020 Energy Performance Certificate (EPC) - the highest energy standard within the Danish building code, with an expected energy need below 27 kWh/m²/year. On the roof, greenhouses, for the use of the residents, and solar panels have been placed. The solar panels cover 302 m² and are expected to produce 49,750 kWh/year.

The construction is expected to receive a Gold certification by DGNB.

Renewable energy: Wind power to GreenLab

Eurowind Energy A/S is delivering renewable electricity from wind turbines and solar park to GreenLab Skive.

The ambitious GreenLab project is a sustainable energy park and research facility, taking the green transition to the next level by combining renewable energy production, storage and transformation. Eurowind Energy will supply renewable electricity to one of the world's first and largest Power-to-X facilities (PtX) at GreenLab. The PtX technology supports the green transition by transforming the renewable electricity from wind turbines into hydrogen/E-fuels for use in heavy transportation or energy intensive industries.

Eurowind Energy is supplying renewable electricity to GreenLab from wind turbines of 54 MW and solar panels of 28 MW. The delivery of renewable electricity to GreenLab is an expansion of Eurowind Energy's existing portfolio of 700 MW wind and solar production and the administration of additional 1,300 MW renewable energy. With this portfolio, Eurowind produces 1,570 GW/h a year, equaling the yearly electricity consumption of 390,000 households.





Green Buildings: Private home in Roskilde

The owners have in 2021 installed an air-to-water heat pump to replace the existing boiler using natural gas. Replacing an existing natural gas boiler with an air-to-water heat pump is an effective way of reducing the climate footprint of the house. A heat pump uses electricity but produces 3.5 – 5 times as much heating energy as it uses electricity.

The house was constructed in 1998 with a total floor space of 161 m². In 2015 the house was certified with an Energy Performance Certificate (EPC) of C. After the installation of the heat pump the house is expected to move the EPC up to B. The net energy demand for the house has been reduced by more than 50% and the CO₂-emissions has been reduced with more than 60%. When the proportion of renewable electricity production is increased, the CO₂-emission (scope 2) will be reduced even further. When the electricity is produced 100 % by renewable energy the CO₂-emissions of the house is zero.

The heat pump was financed with an Energy loan+ from Jyske Bank

Recycling and sustainable production: Gemidan A/S

Gemidan A/S is contributing to the sustainable transition of the society by recycling organic waste from Danish households and companies. After sorting the waste, they transform it into biopulp, using their own developed pre-treatment technology. The biopulp is in top class regarding its purity and uniformity, which makes it perfect for biogas plants for production of heat and electricity. After the degassing of the pulp, it can be used as fertilizer in the agricultural production for production of organic food and eventually end up at Gemidan again.

Gemidan Ecogi has 3 plants located in Denmark collecting waste for all 5 different regions. In 2021 the facilities produced 122,000 tonnes organic waste, producing 156,000 tonnes of biopulp. After biogas plants have converted the biopulp to biogas the production of biopulp equals 12.5m m³ methane. The biogas is mainly used in the production of electricity and district heating – leading to a reduction in CO₂e of 27,600 tonnes compared to using natural gas.





Renewable energy: Solar Park Kassø

European Energy is establishing the largest solar park in Denmark. The park is strategically located in the southern part of Jutland, close to the existing substation at Kassø. With this location the park is easily connected to the high voltage electricity network which offers a direct line to the European energy market.

When the park has been fully established by European Energy, it will have an installed capacity of 300 MW contributing to a reduction of CO₂e-emissions of more than 110,000 tons. It will produce green electricity to more than 75,000 households and possibility to supply three large data centrals located close to the park with green energy.

The park is constructed on riparian areas with a high concentration of carbon. When using the land for solar panels, instead of agriculture, the carbon is kept in the ground - reducing carbon emissions.

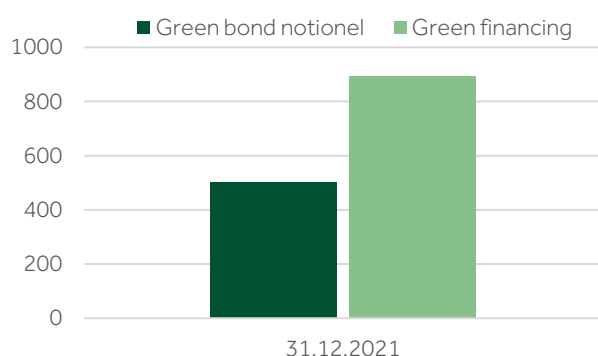
The total investment in the park will be more than DKK 1bn. Financing of the park by Jyske Bank is supporting the target of additional financing of 2.5 TW in 2025.

Green Bonds

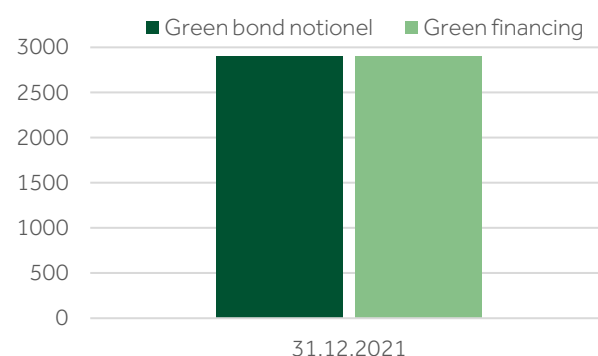
In 2021 the Jyske Bank Group issued two inaugural green bonds - a green covered bond from Jyske Realkredit in January 2021 and a green senior non-preferred bond from Jyske Bank in September 2021. The green bonds were issued to finance a combination of activities under the framework.

The green bonds from the Jyske Bank Group comply with the guidelines set up in the Green Bond Principles by International Capital Markets Association (ICMA). The green bonds follow the guidelines from ICMA on use of proceeds, project evaluation and selection, management of proceeds, reporting and external review.

Jyske Bank green financing and bonds (EURm)



Jyske Realkredit green loans and green bonds (DKKm)



The investments in green bonds from Jyske Bank leads to a reduction 857 tonnes CO₂e per EUR million invested and 2.3 tonnes CO₂e per DKK million invested in green covered bonds from Jyske Realkredit.

Impact of Jyske Bank green bond

Bond notional EURm	Green financing EURm	Proportion financed by green bonds	Impact TCO ₂ e per EURm
500	891	56%	857

Impact of Jyske Realkredit green bonds

Bond notional DKKm	Green bond financing DKKm	Proportion financed by green bonds	Impact TCO ₂ e per DKKm
2,904	2,904	100%	2.3

We are committed to report the impact of our green bond issuances and will continue to develop the methodology for calculating impact.

Jyske Bank Green Bond

Bond	Sep. 2021, 0.01%, 5 yrs NPS
Issuer	Jyske Bank A/S
Type	Non-preferred Senior
Rating	BBB+ (S&P)
Notional amount	EUR 500,000,000
Issue date	2 September 2021
Maturity date	2 September 2026
Optional redemption date	2 September 2025
Listing	Irish Stock Exchange
ISIN	XS2382849888
Distribution by region	Sweden/Norway/Finland (23%) Denmark (21%) France (18%) DACH (17%) Benelux (8%) UK/Ire (7%) Other Europe (6%)
Investor type	Asset managers (69%) Corporates (11%) Banks (9%) Pension/insurance (7%) CB/IO (4%)

On 26th August Jyske Bank returned to the EUR Senior market with a EUR 500 million 5NC4 Inaugural Green Senior Non-Preferred benchmark transaction.

More than 80 investors participated in the transaction. The high number of investors participating shows a strong support for Jyske Bank credit and for supporting the green transition.

Jyske Realkredit Green bonds

Bond	Var G-422.E.OA Cb3 ju25 RF
Issuer	Jyske Realkredit A/S
Type	Covered bond
Capital Center	Capital Center E
Rating	AAA (S&P)
Notional amount (per 31.12.2021)	DKK 2,904,174,615
Issue date	11 February 2021
Maturity date	1 July 2025
Listing	Nasdaq Nordic
ISIN	DK0009405425
Distribution by region	Unknown to the issuer
Investor type	Unknown to the issuer

The inaugural green bond from Jyske Realkredit was first issued in February 2021. The bond is issued for financing green commercial mortgage lending. The bond is at the end of 2021 still open for issuance and the amount of issued bonds is expected to increase.

Targets in Jyske Bank Green Finance Framework

Jyske Bank has since the publication of the first Green Finance Framework in 2020 set up several targets within the categories in the framework. These targets define the direction in which Jyske Bank wants to develop the portfolio over the coming years, while at the same time contributing to ensuring that Jyske Bank supports the 17 UN Sustainable Development Goals.

New targets and update on existing targets will be implemented on an ongoing basis.

Renewable energy

Target	Target start	Target end	Status end-2021
Financing of a further production of 3.0 TWh of renewable energy ¹⁰	2020	2025	0.717 TWh

Green buildings

Target	Target start	Target end	Status end-2021
Develop products to encourage and motivate clients to renovate their properties in a way that increases their energy performance	2020	-	<ul style="list-style-type: none"> Implemented green loans financed in green covered bonds for commercial buildings Implemented green loans for construction of new green commercial buildings Implemented green loans for energy refurbishment of private residential properties Cooperation with external energy consultant to advice private homeowners on energy renovations Implemented loan for financing of land purchase for construction of private residential green buildings
Increase financing of commercial green buildings by DKK 15bn to total lending of DKK 50bn	2021	2025	4.9bn

Clean transportation

Target	Target start	Target end	Status end-2021
40% of Jyske Bank's financing of passenger cars/vans must be for low-emission vehicles	2020	2025	17.3%
40% of Jyske Bank's financing of passenger transport must be for low-emission vehicles in 2025	2020	2025	18.2%
20% of Jyske Bank's new financing of goods transport must be for low-emission vehicles in 2025	2020	2025	0.2%

¹⁰ Status includes projects that are not financed yet, but where there is a commitment of financing from Jyske Bank

Contacts

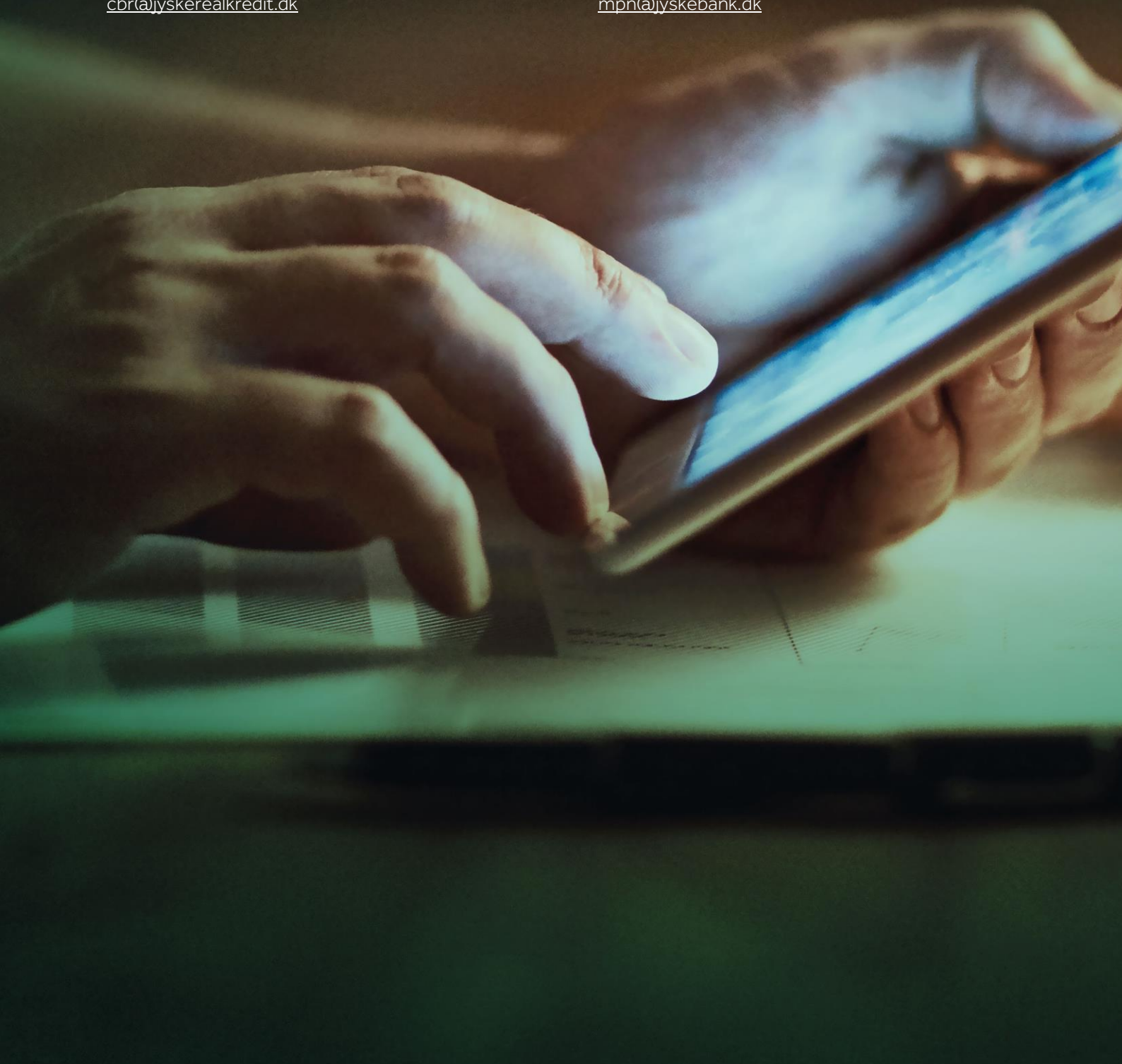
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