

The Kingdom of Denmark will issue a green bond in 2022

Opening of 10-year green bond

On 19 January 2022, the Kingdom of Denmark will open a green bond with a coupon rate of 0.00 per cent and maturity on 15 November 2031. The opening is contingent on stable market conditions. The green bond will be opened via auction in line with the Kingdom of Denmark's other domestic bonds. The expected issuance volume will be announced in connection with the announcement of the central government's borrowing strategy in December. The issuance volume of green bonds is determined on the basis of the amount of eligible green expenditures, which constitutes an upper ceiling, while taking the overall borrowing strategy into account.

"The market for green bonds and green financing has grown significantly in recent years. I am pleased that Danmarks Nationalbank can contribute to supporting the development of the green capital market. The financial markets play an important role in the green transition and the path towards a more sustainable economy," says Governor Signe Krogstrup.

An amount equivalent to the proceeds from the issuance of green bonds will be allocated to eligible green central government expenditures that support the production of renewable energy and the green transition of the transport sector. The green bond is issued in accordance with the Kingdom of Denmark's *Green Bond Framework*, which describes the principles of the green bond, including the criteria governing which expenditures are eligible to be financed by the green bond. Eligible green expenditures under the framework are evaluated and selected on the basis of the definitions and criteria in the EU classification system for sustainable economic activities (the 'EU Taxonomy'). This reflects the ambition to follow the highest standard for green bonds and contribute to enhancing transparency in the green bond market.

In line with best market practice, an assessment of the Kingdom of Denmark's Green Bond Framework has been obtained from an independent reviewer. The independent assessment (*Second Party Opinion*) was conducted by Cicero, which has rated the Kingdom of Denmark's Green Bond Framework *Dark Green* – the highest possible environmental grade.

With the issuance of the green bond, the Danish central government is committed to providing investors with transparent reporting on the allocation of proceeds from the sale of the green bond and the expected climate and environmental impact. These reports will be made publicly available on Danmarks Nationalbank's website.

The green bond will be issued as a 'twin bond'

The green bond will be issued as a 'twin bond' in line with the twin bond concept introduced by Germany in 2020. This implies that the green bond will be issued with the same financial characteristics as one of the central government's existing conventional on-the-run issues. Hence, the new 10-year green bond will have the same maturity, interest payment dates and coupon rate as the central government's 10-year benchmark bond, 0.00 per cent 2031 (ISIN: DK0009924102).

"There is an increasing focus on sustainability and the green transition, and this also applies to a growing group of investors in the financial markets. With a green bond, the Danish government offers a product that is in high demand among investors and that can support a broad and well-diversified investor base," elaborates Governor Signe Krogstrup.

The twin bond concept supports the liquidity in the green bond, as investors, at any time, will have the opportunity to switch the 10-year green twin bond to the corresponding and more liquid conventional 10-year twin bond one-to-one. However, investors will not be able to switch the conventional twin bond to the corresponding green twin bond.

More information, including a short background note, can be found on [Danmarks Nationalbank's website under Government Debt](#).

BNP Paribas, Danske Bank and Nordea have acted as advisors on the Kingdom of Denmark's green bond, with Nordea as structuring adviser.

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