

DANMARKS NATIONALBANK

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Green bonds are growing

Companies are utilising new opportunities for green mortgage finance in Denmark. This means that green mortgage bonds have risen to kr. 43 billion and amounts to 1.3 per cent of the Danish mortgage bonds. In addition to Danish mortgage banks, Danish companies also issue green bonds. In total, Danish green bonds amount to kr. 109 billion at the end of August 2021.

What are green mortgage bonds?

Green mortgage bonds are primarily used to finance energy-efficient buildings and renewable energy. The green mortgage bonds have a variable interest rate and are primarily aimed at corporate customers, where they are used, for example, to finance rental housing or office buildings. The advantage for borrowers can, for instance, be an attractive price on the loan, depending on investors' demand for

the bonds. The issuer of the bonds has defined specific requirements that the green projects must live up to. These may, for example, be requirements for energy class A or B and various energy certifications. The framework is often based on standards defined in the ICMA Green Bond Principles.

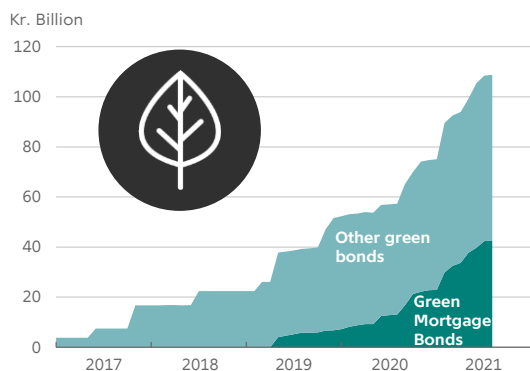
Both Danish and foreign investors buy

The Danish mortgage bonds are used for green property financing in Denmark and in Sweden. Bonds issued in Danish kroner amount to kr. 29 billion and is almost exclusively owned by Danes, especially the Danish insurance and pension sector. The rest of the world owns most of the mortgage bonds in Swedish kroner for a total of kr. 14 billion. The other Danish green bonds are mainly owned abroad, as they are primarily used to finance projects outside Denmark, e.g. energy projects in the UK.

Danish green investments in Europe

Danish investors' interest in green investments extends beyond the Danish green mortgage bonds. In recent years, foreign green bonds have been bought, especially bonds issued in Europe primarily from Germany, the Netherlands, Sweden and France. Danish investors own foreign green bonds totalling kr. 98 billion, of which approximately 75 per cent is owned by the Danish insurance and pension sector. The figures include both foreign green mortgage bonds and other green bonds.

Green mortgage bonds now make up a large part of Danish green bonds



Note: Nominal values. Figures from the securities statistics and Bloomberg's green instrument indicator. Find chart data here ([link](#)).

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