

dir·kredit



Investor presentation

February 2025

Agenda

— **Financial results 2024**

Lending and credit risk

Capital structure and rating

Funding

Sustainability

Annual report 2024

Financial summary

- DLR achieved a pre-tax profit of DKK 1,655m, driven by a:
 - Highly satisfactory loan growth
 - High returns on the investment portfolio
 - Low impairments
- Proposed dividend payments of DKK 750m
- Net portfolio earnings of DKK 765m – almost at the same record level as in 2023
- High credit quality – reflected in low losses and arrears

Outlook for 2025

- Expectation of a pre-tax profit from DKK 1,300m to DKK 1,500m
- Expected decline in earnings due to lower return on securities portfolio
- Expected sustained loan growth and satisfactory financial conditions among customers

Lending activity

- During 2024, the loan portfolio grew by 5.2% compared with 4.1% during 2023
- DLR's loan portfolio was DKK 199.2bn by the end of 2024 divided into 50% agriculture and 50% commercial/owner-occupied

Own funds

- End-2024 the capital base was DKK 18.2bn, and the capital ratio was 23.7 percent
- The capital base has increased by DKK 823m primarily due to:
 - Pre-tax profit of DKK 1,222m – proposed dividend payments of DKK 750m and DKK 472m transferred to the capital base
 - Increased net issuance of Tier 2 capital – redemption of DKK 650m besides issuance of DKK 400m and SEK 1,000m
- Very comfortable buffer to the regulatory capital requirement of 16.6%
- Prepared for new capital requirement from January 2025

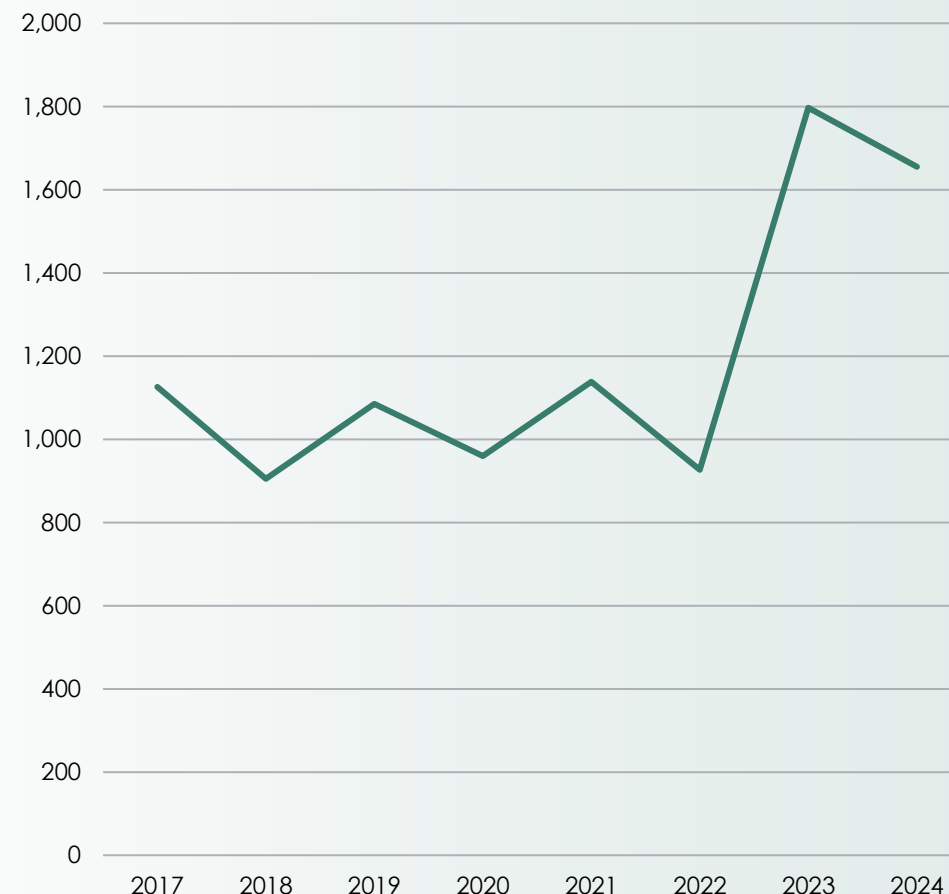
Sustainability and ESG-risk

- On November 18th 2024, an agreement was reached on implementing a 'Green Denmark'
- DLR assesses that agricultural customers are generally well equipped to meet the upcoming requirements in the transition to a 'Green Denmark'
- Sustainability CSRD-reporting in 2026
- Throughout 2024, DLR has been preparing for the reporting requirements under the CSRD and has, in this context:
 - Expanded the underlying ESG risks in DLR's risk register and rigorously assessed their relevance and scope in collaboration with relevant stakeholders
 - Received valuable input to further advance sustainability initiatives
- In 2025, DLR's effort in terms of ESG risks will increasingly be focused on data mapping credit-related ESG risks and integrating them into credit assessments and property valuations

Income statement

(DKKm)	2024	2023	Index
Administration fee income	1,967	1,927	102
Other core income, net	86	91	94
Interest expenses, subordinated debt	-47	-45	104
Interest expenses, senior debt	-67	-44	153
Fee and commission income, net	-597	-561	106
Core income	1,342	1,368	98
Staff costs and administrative expenses, etc.	-399	-350	114
Other operating expenses	-17	-22	77
Core profit before impairment of loans, advances and receivables	926	996	93
Impairment of loans, advances and receivables, etc.	-36	1	
Portfolio earnings (securities)	765	800	96
Profit before tax	1,655	1,797	92
Profit after tax	1,222	1,347	91

Profit before tax DKKm



Return on securities portfolio holdings

- DLR's securities portfolio is invested primarily in variable rate covered bonds, with maturities of up to five years
- DLR's gross portfolio earnings amounted to DKK 955m in 2024, which is DKK 21m lower than in 2023
- DKK 5.7bn of DLR's securities portfolio of DKK 31.0bn is funded through issuance of capital and debt instruments
- When calculating the net portfolio earnings, an internal intercompany interest rate (CIBOR3) on DLR's capital and debt issuance is deducted. Consequently, the net portfolio earnings amounted to DKK 765m

(DKKm)	2024	2023
Bonds, interest rates	761	677
Bonds, price adjustments	179	285
Interest rates, credit institutions	15	12
Currency, price adjustments	0	1
Shares, price adjustments	0	1
Return on securities holdings, gross	955	976
CIBIOR-interest rate on capital and debt instruments issued ¹⁾	-191	-176
Other	0	0
Return on securities holdings, net	765	800

1) The interest rate is calculated as the CIBOR part of the interest rate expenses on issued capital and debt instruments

Note: The sum of individual entries may differ from total sums due to rounding

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Financial results 2024

— **Lending and credit risk**

Capital structure and rating

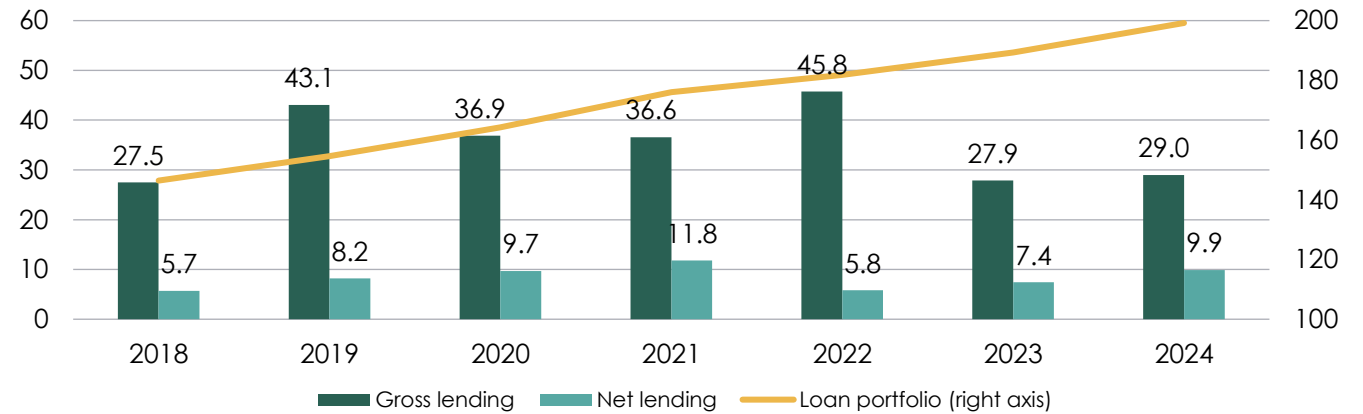
Funding

Sustainability

Lending activity

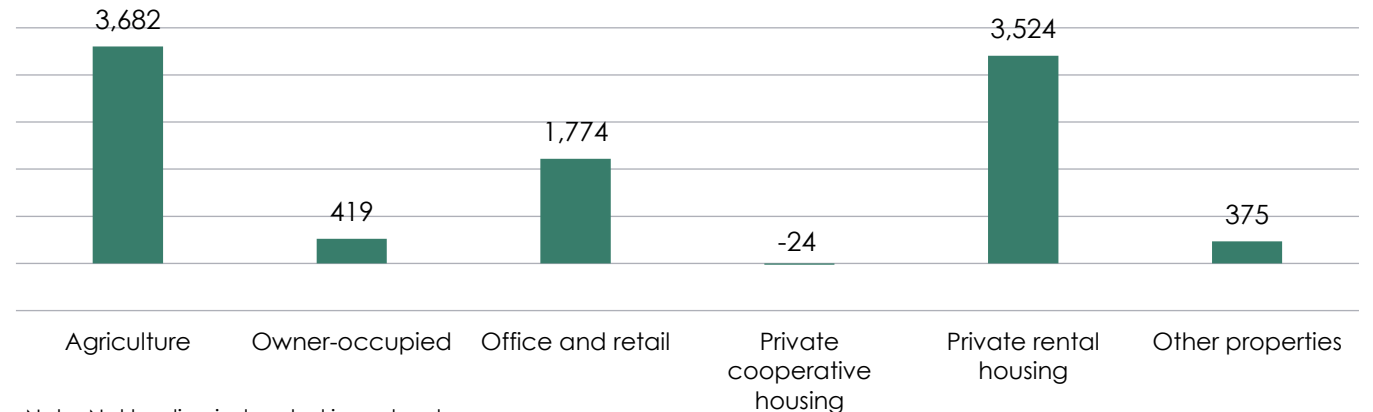
- DLR's loan portfolio expanded by DKK 9.9bn during 2024, against DKK 7.4bn in 2023
- In 2024, DLR has experienced lending growth within all three main lending categories: agriculture, office/retail and private rental housing
- DLR's gross lending was DKK 29.0bn during 2024, against DKK 27.9bn in 2023
- At the end of 2024, DLR's loan portfolio was DKK 199.2bn

Gross and net lending and loan portfolio (DKKbn)



Note: Gross and net lending are denoted in nominal value

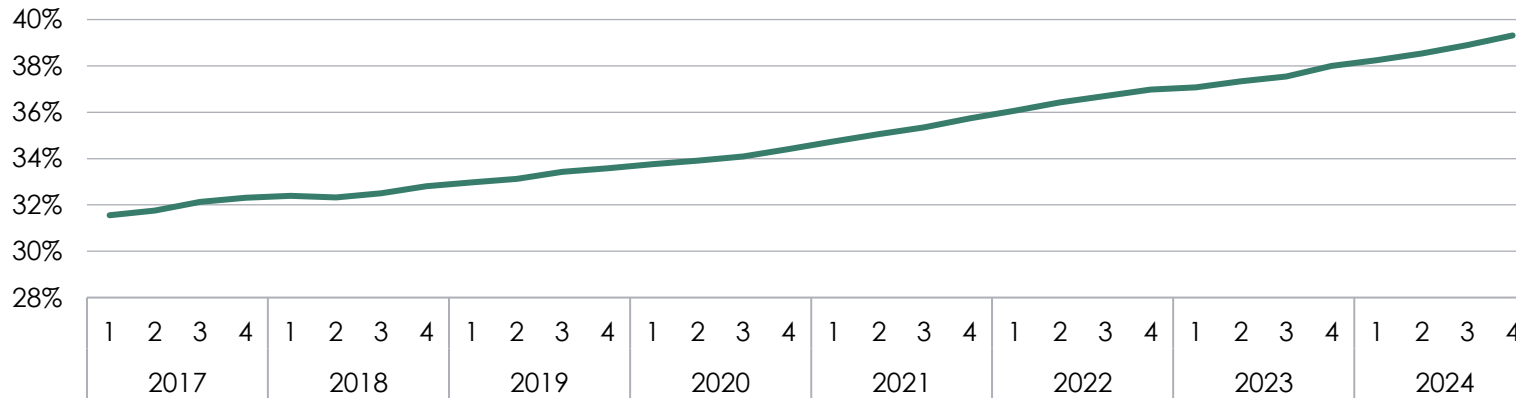
DLR's net lending on property segment in 2024 (DKKbn)



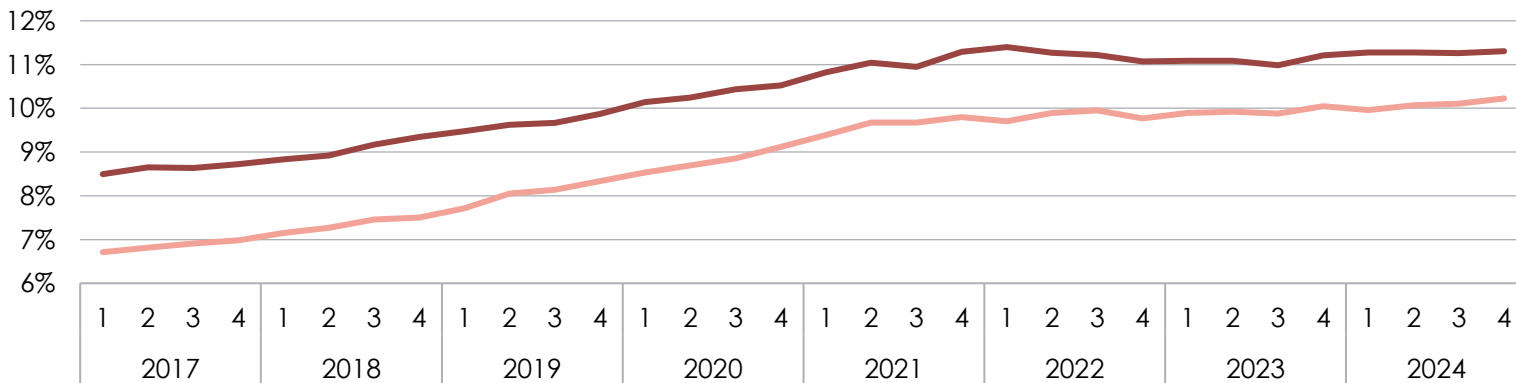
Note: Net lending is denoted in cash value

DLR's market share

DLR's market share – Agriculture portfolio



DLR's market share – Commercial loan portfolio



Sources: DLR and Finance Denmark

Office and retail

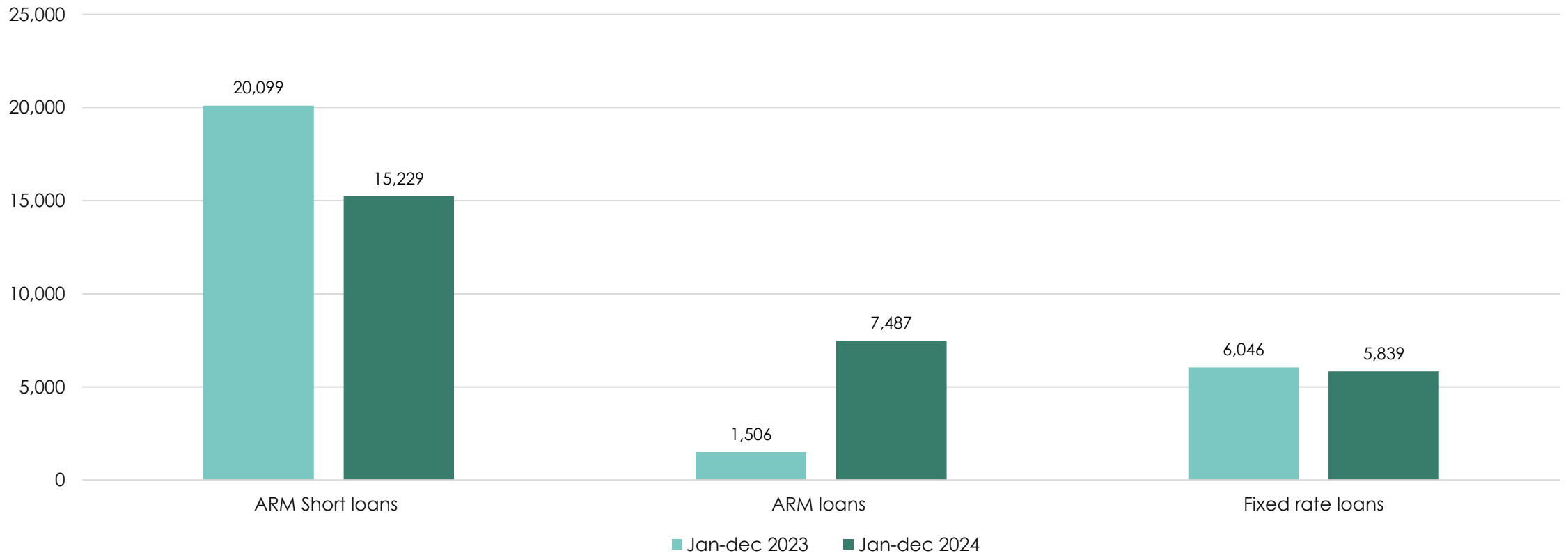
Private rental housing

- DLR's total loan portfolio of DKK 199.2bn represents a share of 6.3% of Danish mortgage banks' total outstanding mortgages of DKK 3,180bn
- DLR's market share within agricultural lending has increased since 2015 and is at the end of 2024 at 39.3%
- DLR's market share to commercial properties has remained stable in recent years, though with a slightly increasing trend for private rental housing in 2024

DLR's disbursed loans

- Distributed on loan types

DLRs gross lending distributed on selected loan types (DKKm)



Note: Gross lending calculated at cash value

Loan portfolio

- Distributed on property categories and types of loans

Loan portfolio end-2024			Distribution on loan types					
	Outstanding bond debt (DKKbn)	Distribution on property categories	Fixed rate loans	ARM short	ARM 1Y/2Y	ARM 3Y/4Y	ARM 5Y	Other floating rate loans
Agriculture	99.5	50.0%	12.1%	70.3%	2.9%	2.8%	11.4%	0.5%
Owner occupied incl. residential farms	11.6	5.8%	53.4%	16.7%	3.6%	5.8%	19.6%	0.8%
Office and retail	34.0	17.1%	29.6%	41.4%	2.8%	5.8%	20.1%	0.3%
Private residential rental housing	45.5	22.9%	26.5%	43.0%	2.5%	8.3%	19.5%	0.2%
Private cooperative housing	4.0	2.0%	71.7%	9.2%	0.5%	3.3%	15.1%	0.3%
Other properties	4.5	2.3%	49.8%	36.7%	0.6%	1.6%	11.3%	0.0%
Total	199.2	100.0%	22.8%	54.0%	2.8%	4.7%	15.3%	0.4%

Encouragement for longer fixed-rate loans

- Supervisory Diamond

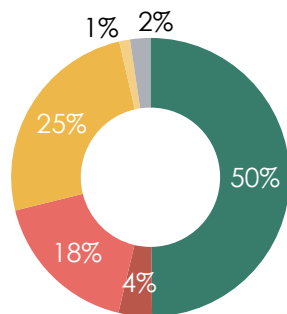
- Due to the rise in interest rates in recent years, DLR has experienced an increasing share of borrower demanding variable interest rate loans with an interest rate fixed for less than two years
- This has led to a proportion of loans within the owner-occupied and residential rental housing segments placed above 60 percent of the property value and with an interest rate fixation of under 2 years approaching the threshold of 25 percent, as set by the Financial Supervisory Authority's supervision framework for mortgage credit institutions
- The share is reported at 22.1% for Q4 2024 and is slightly decreasing
- To limit customers' interest rate risk, DLR encourages customers within the extended housing segment, when taking out new loans or changing the profile of existing loans, to consider whether it is appropriate to choose loans with longer interest fixation periods



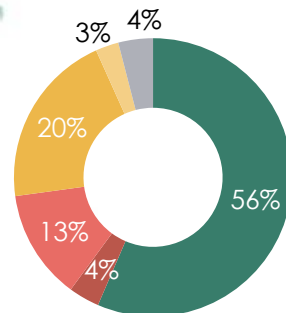
Geographical distribution of lending

- Outstanding debt at end-2024

Central Jutland
DKK 61.1bn (37.7%)

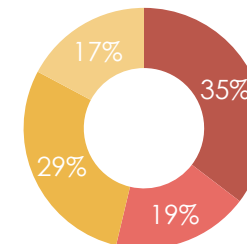


Northern Jutland
DKK 42.8bn (21.5%)



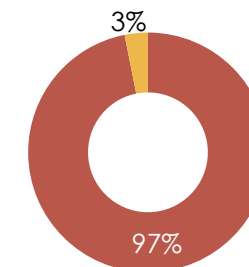
Greenland

DKK 3.1bn (1.5%)

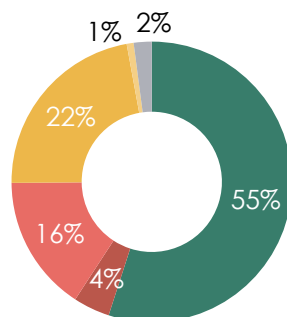


Faroe Island

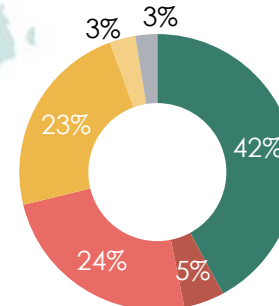
DKK 2.0bn (1.0%)



Southern Jutland and Funen
DKK 53.7bn (27.0%)



Zealand/Capital
DKK 36.5bn (18.3%)



- Agricultural properties
- Owner-occupied dwellings
- Office and retail properties
- Private rental housing properties
- Co-operative housing properties
- Other properties

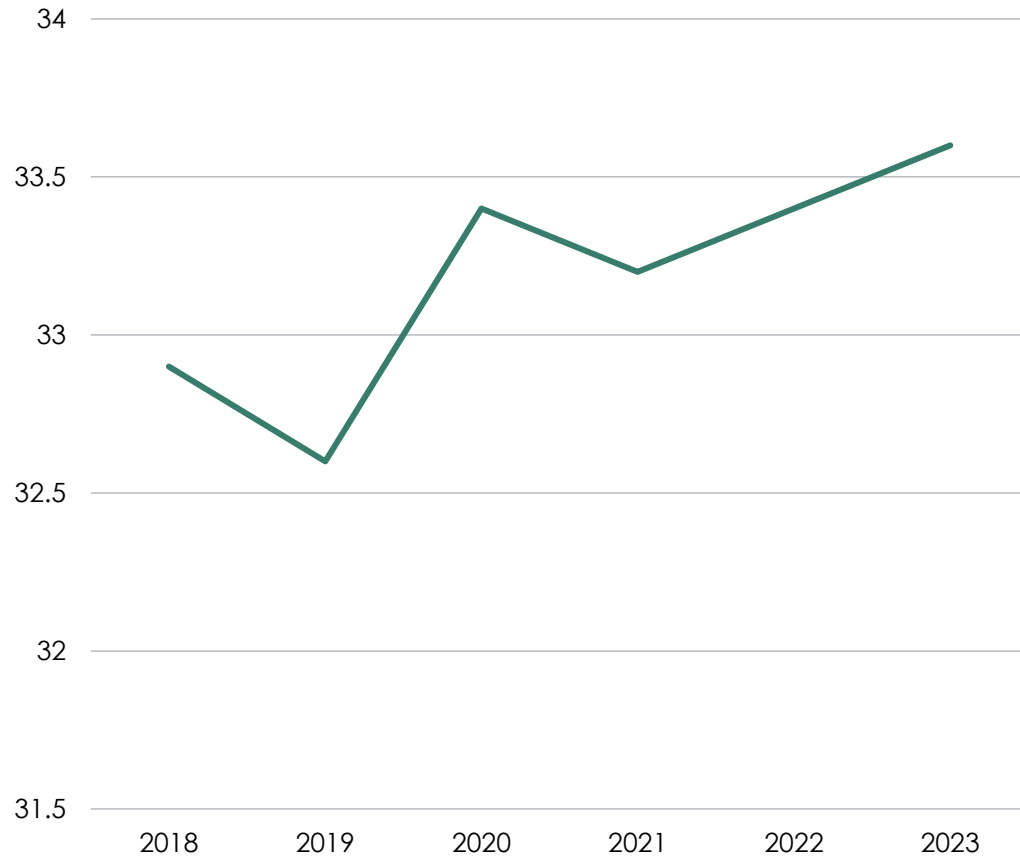
The agricultural sector in 2024

- Agriculture performed well in 2024. Generally favorable terms of trade ensured farmers a satisfactory income – though with differences between the various sectors
- Dairy and piglet producers benefited from high product prices, while crop farmers experienced lower earnings, partly due to poorer harvest yields
- The development was reflected in land prices, which continued the upward trend from previous years

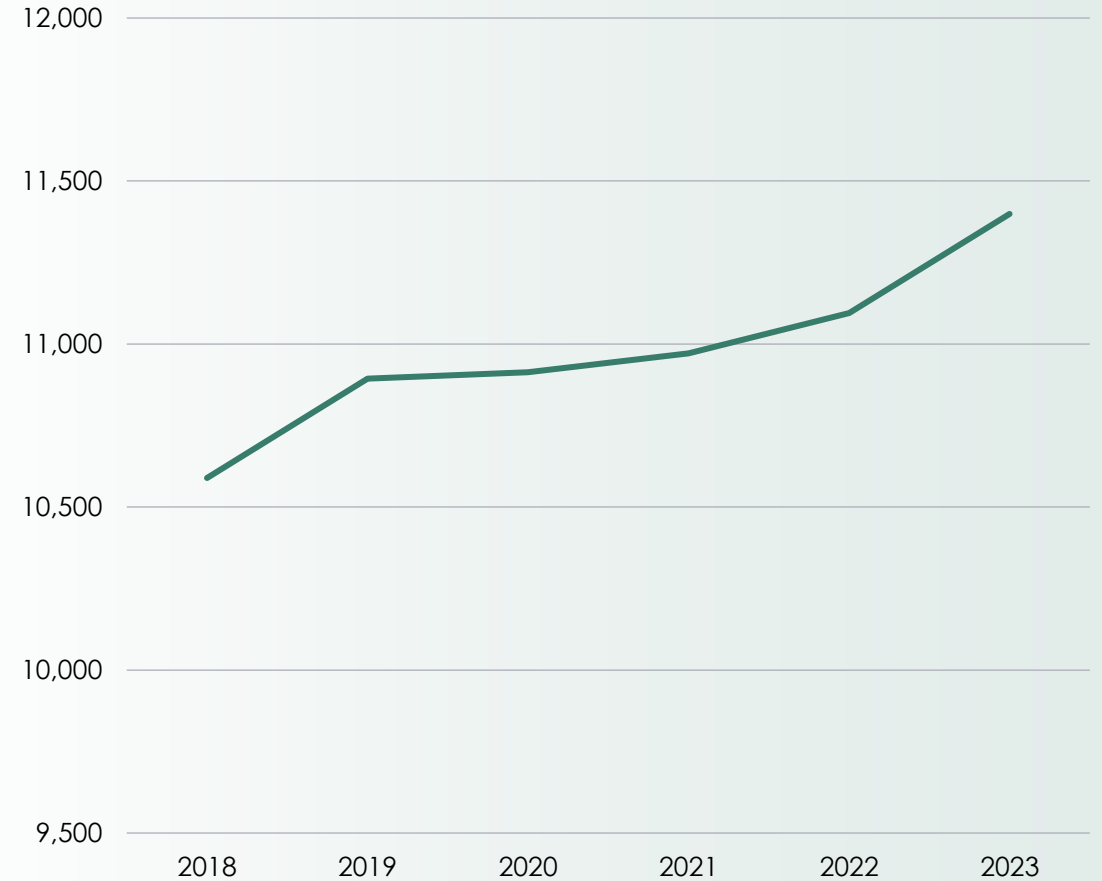


Productivity gains

Produced pigs per sow per year, facilities >750 sows



Kg. ECM per cow per year

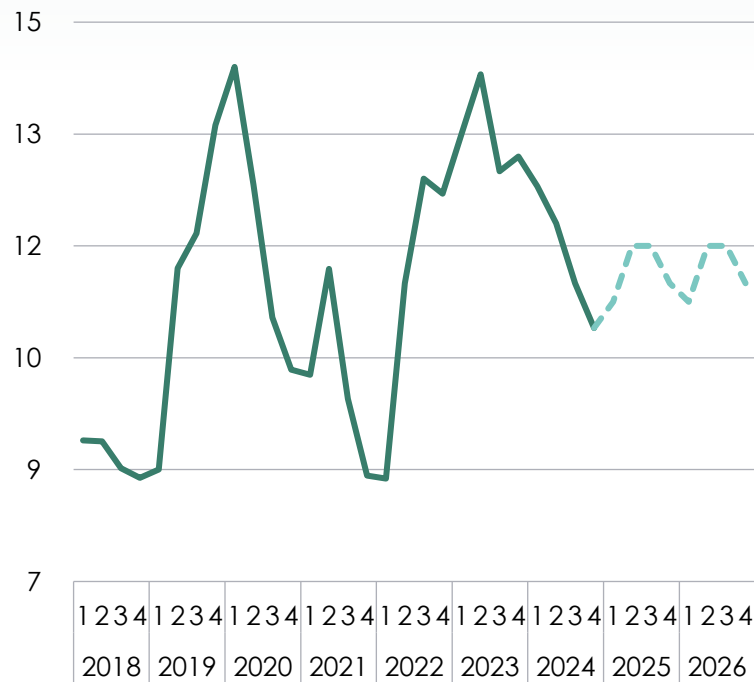


Source: SEGES

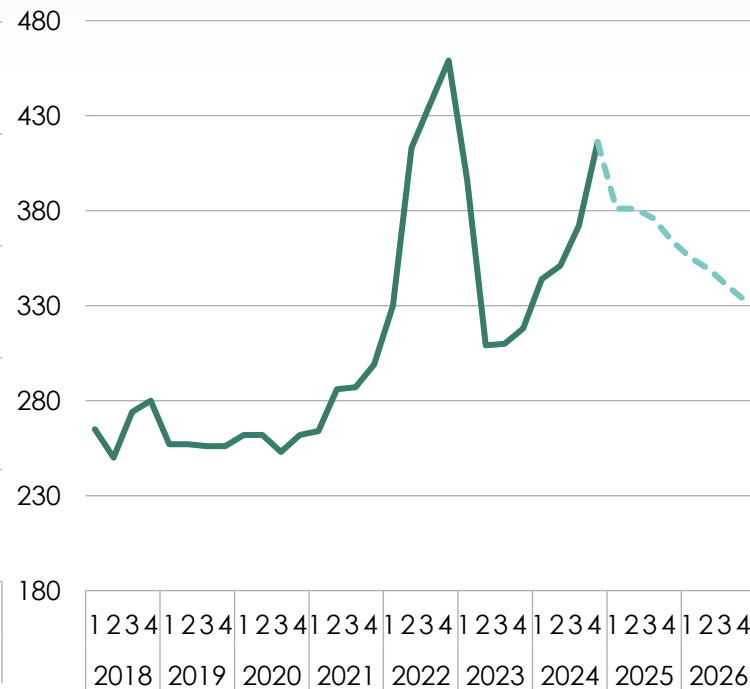
Note: ECM (Energy-corrected milk) Milk production corrected for fat and protein content

Development in agricultural product pricing

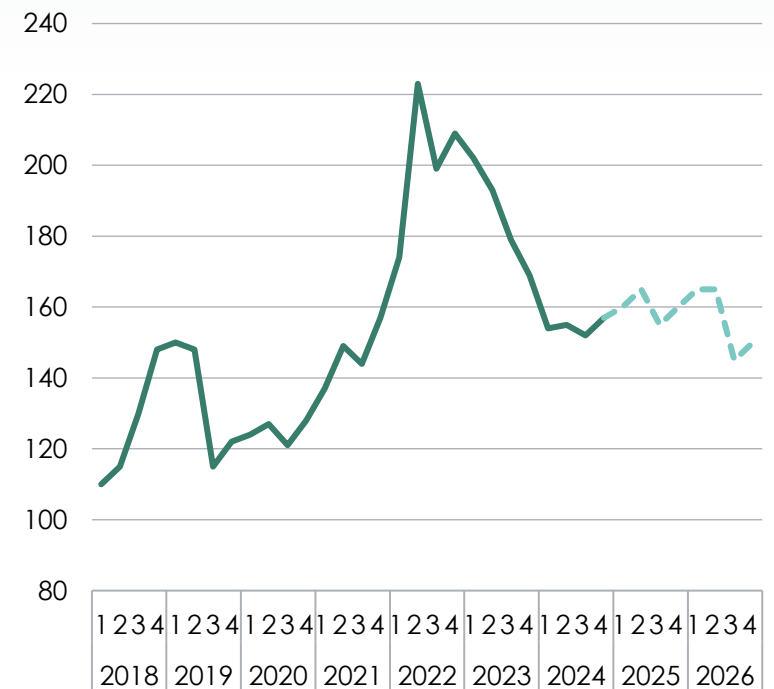
Development in pork price quotation (DKK/kg)



Milk price quotation (DKK0.01/kg)



Price on wheat (DKK/100 kg)

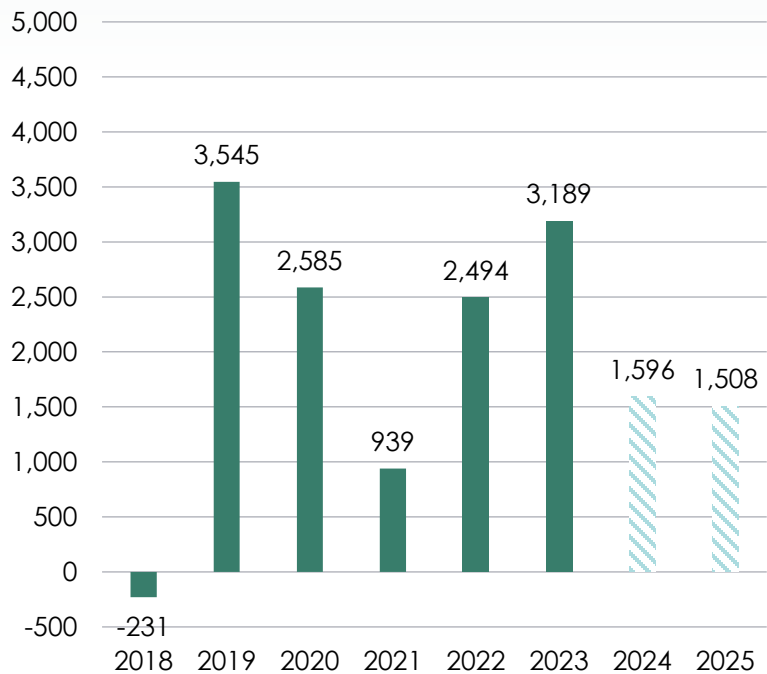


Source: SEGES
Note: Forecast, September 2024

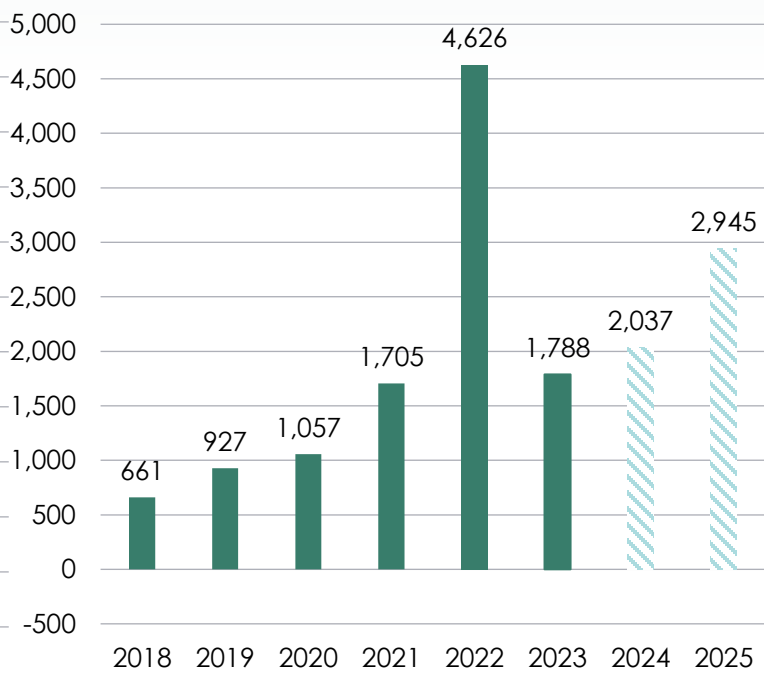
Agriculture income

- Measured in operating income before owner compensation

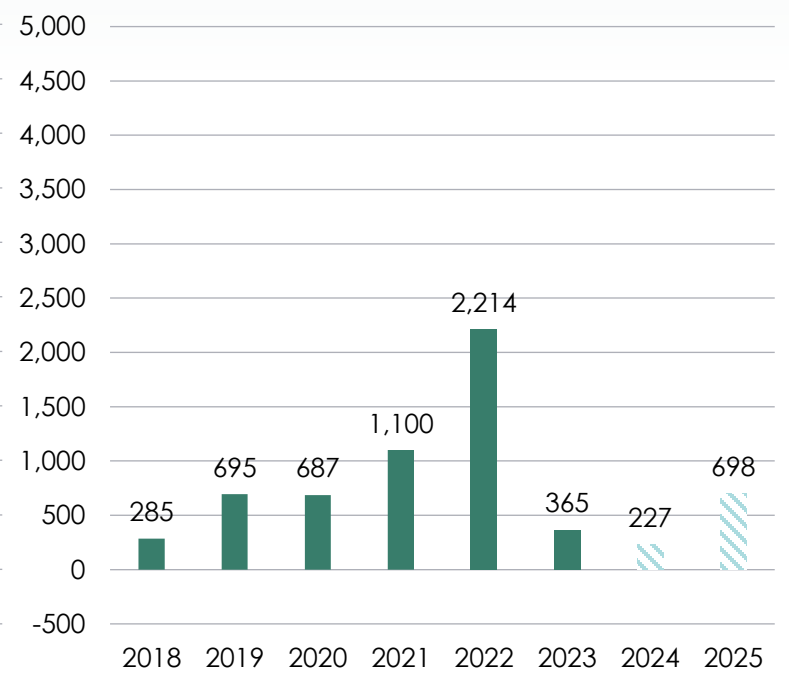
**Pork producers
(DKKt)**



**Milk producers
(DKKt)**



**Crop producers
(DKKt)**

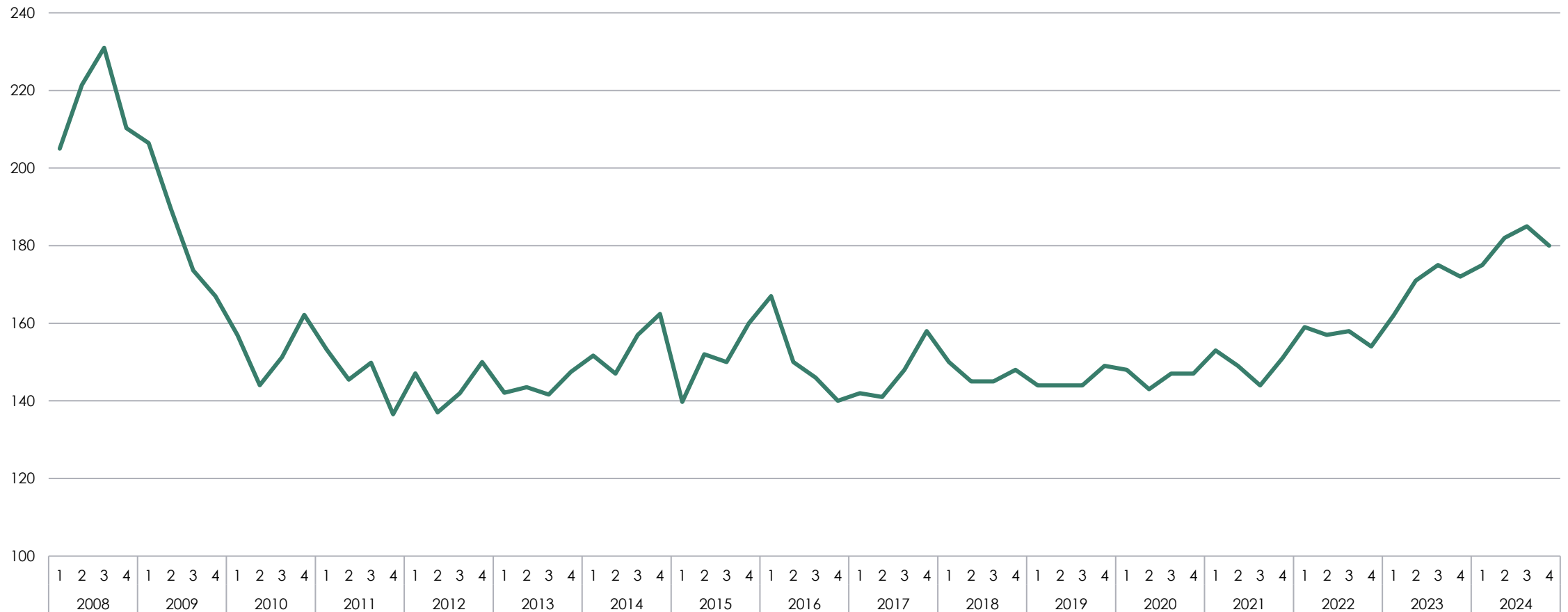


Source: SEGES

Note: The income statistics cover conventional full-time farms, and the forecasts are prepared by SEGES, September 2024

Price on agricultural land

Average price of arable land DKKt/ha

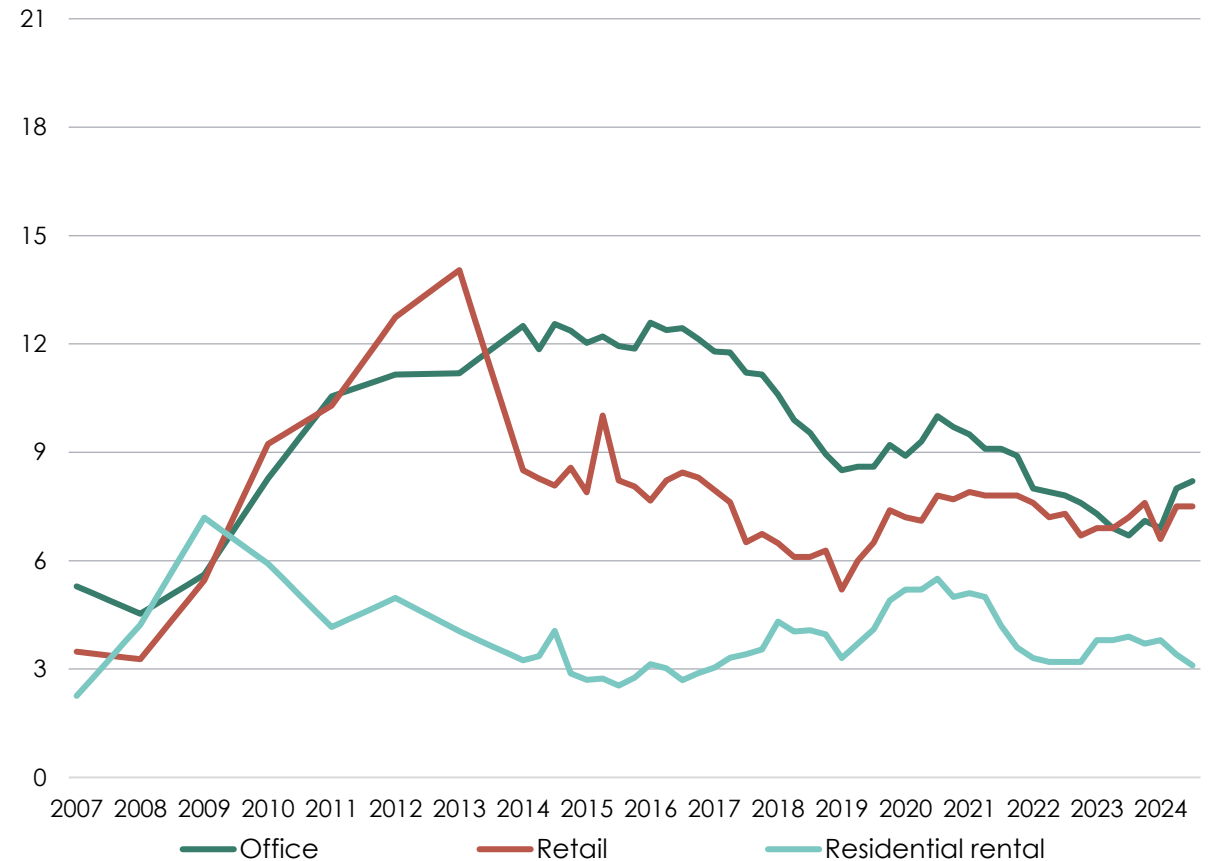


Source: DLR, based on registered purchases and sales of agricultural properties with more than 10 ha of arable land

The commercial real estate market

- The commercial property market fared well in 2024
- The trend from previous years, with low vacancy rates and rising rent levels, continued throughout 2024, and only some segments within the retail property market (boutique stores) appear locally challenged
- The low vacancy rates and rising rents have enabled property investors to withstand the high interest rates without increases in arrears and losses for DLR

Development in vacancy rates (%)

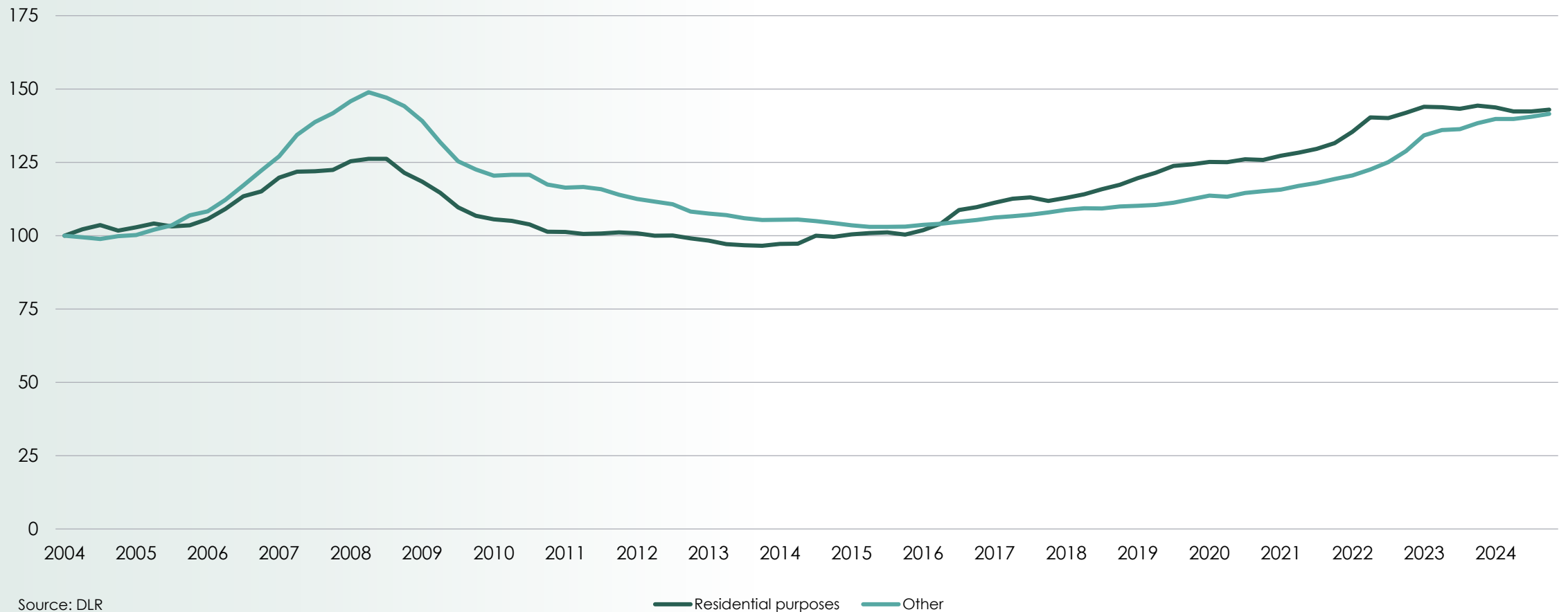


Source: EjendomDanmark

Pricing of DLR-mortgaged real estate

Stable prices on commercial real estate

Price indices of DLR's assessed value of commercial real estate (2004 = index 100)



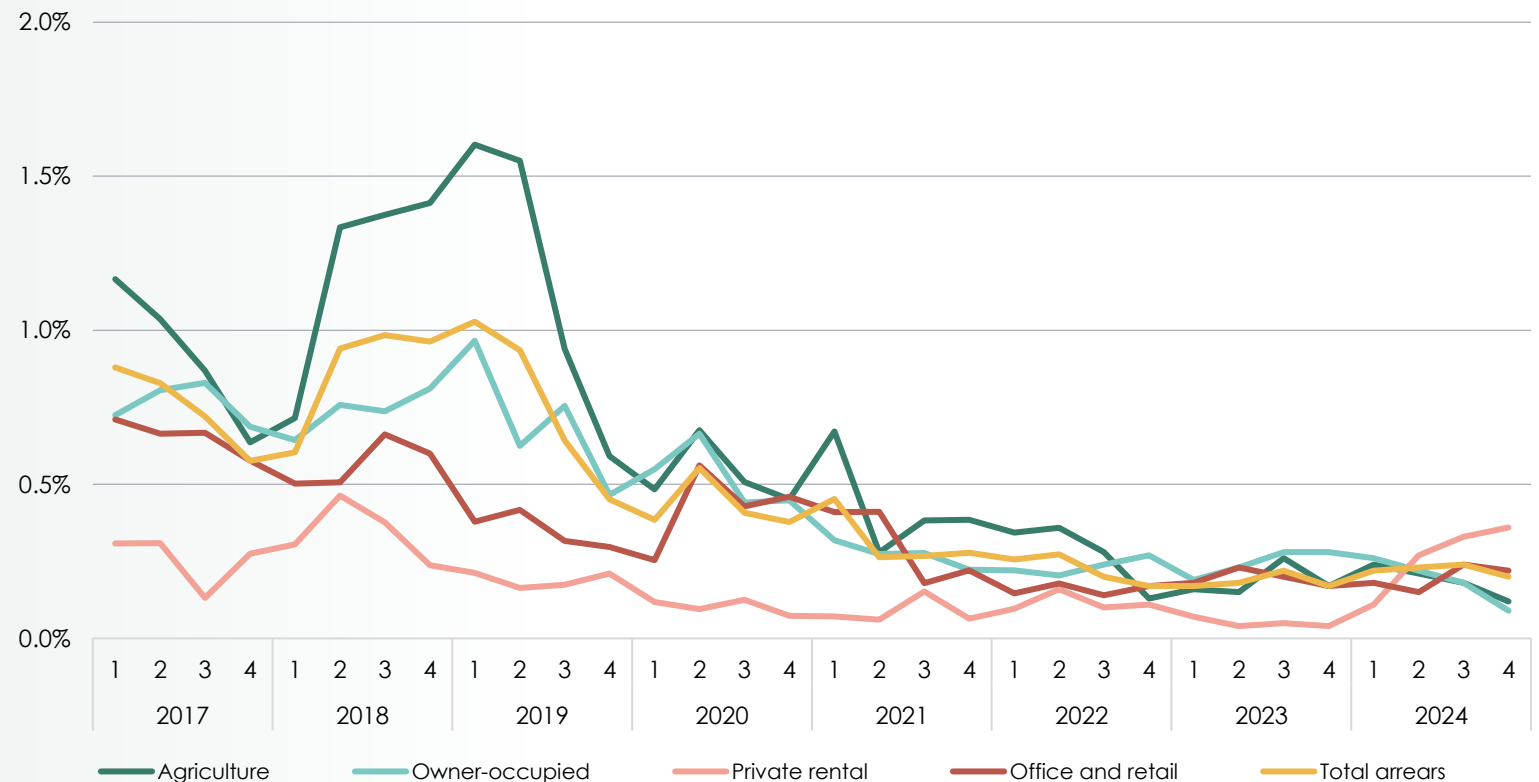
Source: DLR

— Residential purposes — Other

Arrears

- Overall, the arrears ratio – measured as the percentage of mortgage payments in arrears 3½ months after the due date – was 0.20% in January 2024, against 0.17% in January 2023
- The arrears are low for all DLR's major business segments
- Arrears of private rental has risen to 0.36% in mid-January 2024 against 0.04% at the same time in 2023. The increase refers primarily to a few individual cases

The borrowers' ability to pay timely keeps being high 105-days arrears, pct. of term payments



Losses and provisions

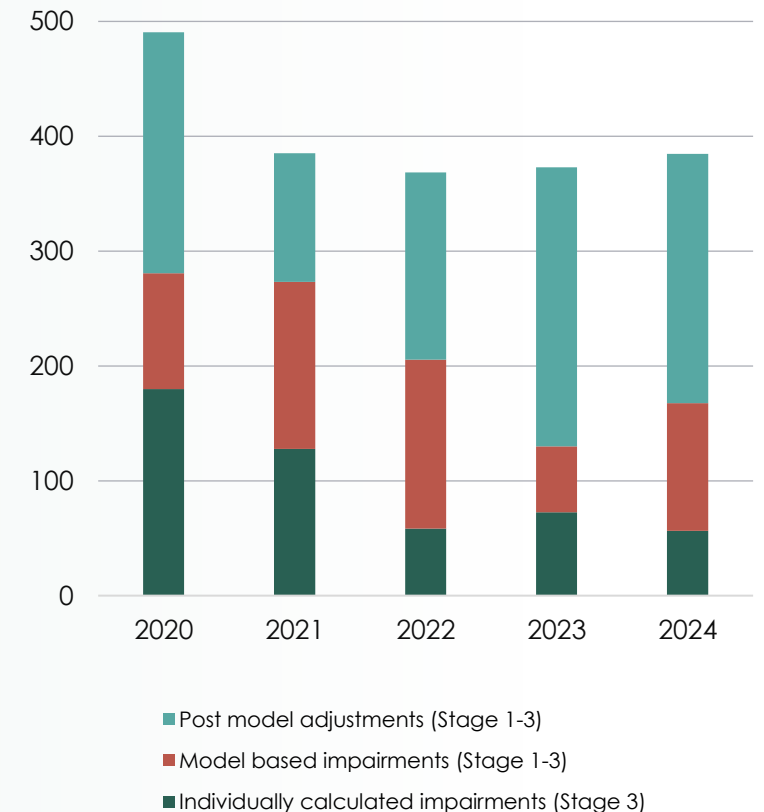
Actual loan losses before loss offsetting (DKK m)



Accumulated impairment provisions distributed on property (DKK m)



Accumulated impairment provisions distributed on impairment types (DKK m)

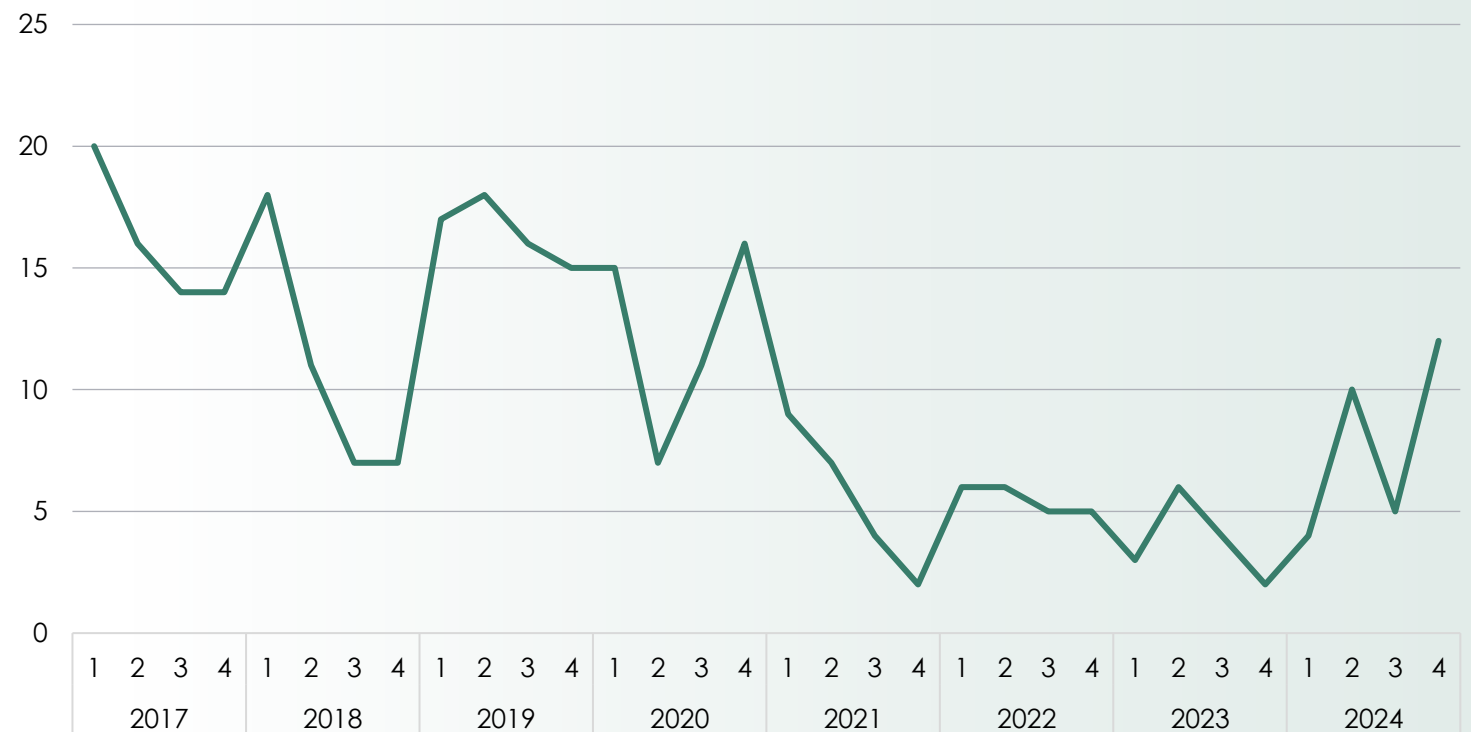


Note: The change in DLR's total losses from 2023 to 2024 is primarily due to a loss on a loan to one specific horticultural property. The loan is one of the few loans not covered by DLR's loan loss guarantee concept.

Forced sales

- The number of completed forced sales of properties in which DLR held a mortgage was 12 in Q4 2024
- The total numbers of completed forced sales during 2024 was 31
- DLR holds one property acquired through forced sales

Forced Sales - Properties where DLR holds a mortgage (numbers)



Agenda

Financial results 2024

Lending and credit risk

— **Capital structure and rating**

Funding

Sustainability

DLR's own funds

(DKKm)	End-2024	End-2023	End-2022
Equity			
- Distributable reserved	15,222	14,794	13,453
- Non-distributable reserves	2,399	2,355	2,338
Total equity	17,622	17,149	15,791
CET1 (total equity after capital deduction)	16,471	16,044	15,706
Tier 2 capital	1,694	1,298	1,298
Own funds	18,165	17,342	17,004
Total risk exposure	76,581	72,158	69,844
Total capital ratio, %	23.7	24.0	24.3
Capital requirement, % ¹⁾	16.6	15.3	14.7
Capital surplus, %-points ²⁾	7.2	8.7	9.6

1) The capital requirement as of the end of Q4 2024 consists of the individual solvency need of 9.3%, supplemented by the SIFI requirement, which for DLR amounts to 1.0%, as well as a capital conservation buffer of 2.5% and a countercyclical capital buffer of 2.5%. Additionally, a systemic requirement of 0.02% has been added for the Faroe Islands and a systemic requirement of 1.2% for loans to real estate companies in Denmark

2) Due to rounding there is a smaller discrepancy between the capital surplus and the difference between the total capital ratio and the capital requirement

Capital structure

- The capital ratio was 23.7% at the end of 2024 - reduction since 2023 due to increased risk exposures from increased lending
- The capital base has increased by DKK 823m in 2024 primarily due to:
 - Pre-tax profit of DKK 1,222m – proposed dividend payments of DKK 750m and DKK 472m transferred to the capital base
 - Increased net issuance of Tier 2 capital – redemption of DKK 650m and issuance of DKK 400m and SEK 1,000m

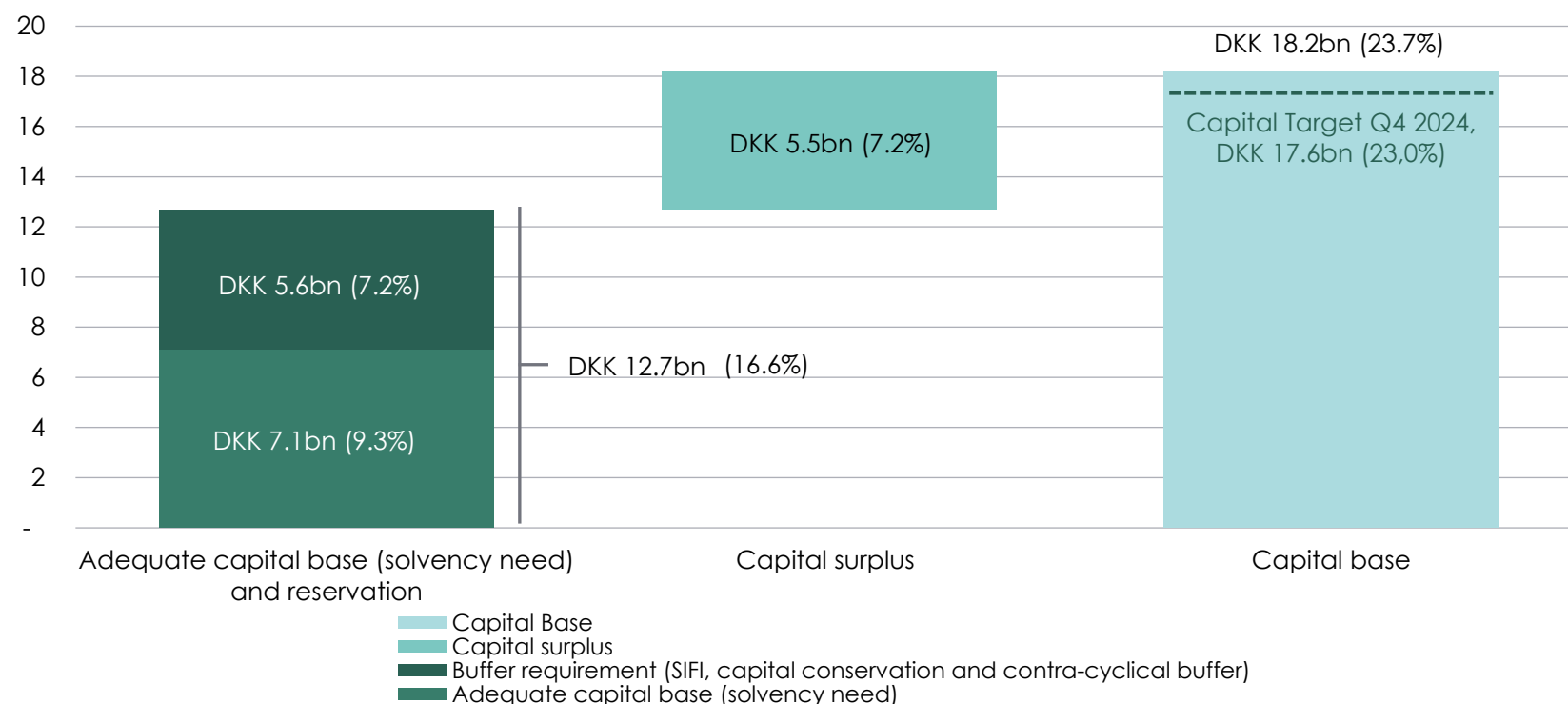
DLR's capital ratios



Capital requirement and capital ratio

- At the end of 2024, DLR's own fund were DKK 18.2bn, while the total capital requirement amounted to DKK 12.7bn (16.6%)
- Consequently, DLR had a capital surplus of DKK 5.5bn (7.2%)
- DLR had defined a target for its capital ratio of 23.0% end-Q4-2024, while the targets for the tier 1 capital ratio and the common equity tier 1 capital ratio was 21.0% and 19.5%, respectively
- From January 2025 DLR has defined a capital ratio target of 21.5%, which reflects effects from new capital regulation (CRR) from the beginning of 2025

DLR's capital requirement and capital ratio end-Q4 2024 (DKKbn)



Note: The discrepancy between the total capital requirement and adding up its subcategories is due to rounding

Solvency need statement

DKK m	Q4 2024		Q3 2024		Q2 2024		Q1 2024	
	Standard	IRB	Standard	IRB	Standard	IRB	Standard	IRB
Credit risk	3,490	2,126	3,429	2,126	3,298	2,103	3,300	2,060
Supplements to 8% requirement	509		526		480		460	
Market risk	233		181		213		181	
Supplements to 8% requirement	497		480		484		481	
Operational risk	277		240		240		240	
Supplements to 8% requirement	0		0		0		0	
Other circumstances	0		0		0		0	
Adequate capital base, total	7,133		6,982		6,818		6,722	
Total risk exposure STA/IRB	76,581		74,703		73,166		72,250	
of which from credit risk	43,630	26,580	42,864	26,581	41,221	26,282	41,246	25,746
Individual solvency need, %	9.31		9.35		9.32		9.30	
Statutory adequate capital base	7,133		6,982		6,818		6,722	
Supplements due to statutory requirements	0		0		0		0	
Individual solvency need after supplements,%	9.31		9.35		9.32		9.30	
SIFI-requirement,%-points	1.00		1.00		1.00		1.00	
Capital preservation buffer, %-points	2.50		2.50		2.50		2.50	
Countercyclical buffer, %-points	2.50		2.50		2.50		2.50	
Systemic buffer Denmark (real estate companies)	1.23		1.22		1.21		0	
Systemic buffer Faroe Island, %-points	0.02		0.02		0.02		0.02	
Total statutory capital requirement, %-points	16.56		16.59		16.54		15.3	

Ownership structure

	31. December 2024		31. December 2023
	Share capital (DKKm)	Share of share capital (%)	Share of share capital (%)
Local Banks	289	50.6%	50.0%
Nationwide Banks and Jyske Bank	103	18.1%	18.8%
Nykredit Realkredit	69	12.2%	12.2%
PRAS	41	7.2%	7.2%
PRIPS2022 ¹⁾	21	3.6%	3.6%
DLR	46	8.1%	8.1%
Other Banks	1	0.2%	0.2%
Total	570	100%	100%

1) PRIPS 2022 is a company, which is owned by 12 of DLR's owner-banks

DLR's ratings with S&P

S&P Global DLR Kredit A/S

SACP	bbb+		+	Support	+1	+	Additional Factors	0
Anchor	bbb+			ALAC Support	+1		Issuer Credit Rating	A- / Stable / A-2
Business Position	Moderate	-1		GRE Support	0		Resolution Counterparty Rating	A / -- / A-1
Capital and Earnings	Very Strong	+2		Group Support	0			
Risk Position	Moderate	-1		Sovereign Support	0			
Funding	Adequate							
Liquidity	Adequate	0						
Comparable Ratings Analysis								

- On September 5th 2024, S&P affirmed DLR's issuer credit rating (ICR) of A- with a stable outlook
- The rating is supported by an ALAC-uplift of +1
- The high issuer credit rating adds an extra buffer of 2 unused 'uplifts' to the AAA-rating of DLR's covered bonds
- DLR's covered bonds are supported by a further high over-collateralization of Capital Center B compared to S&P's OC-requirements
- S&P's latest report on DLR can be found here: <https://dlr.dk/en/investor/rating/>

Agenda

Financial report 2024

Lending and credit risk

Capital structure and rating

— **Funding**

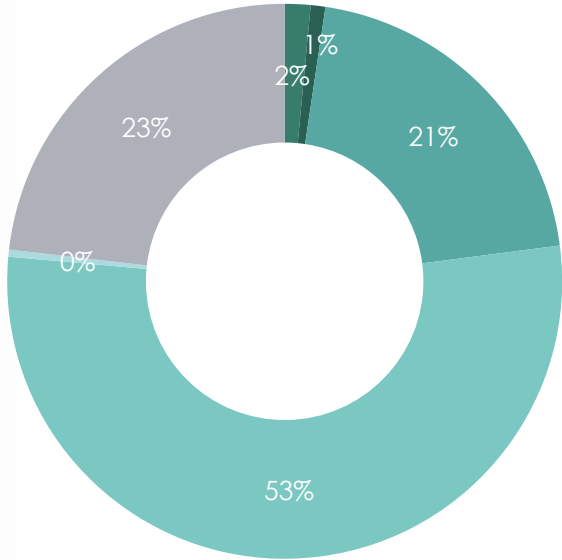
Sustainability

A well-balanced funding structure

- DLR has a diversified funding structure both in terms of maturities and bond types
- DLR's bonds were in December 2024 primarily divided between 53% ARM-Short-bonds, 23% fixed rate callable bonds with long maturities, 21% ARM-bonds (3-5Y)
- DLR has a well-diversified investor base

DLR's outstanding bonds distributed on loan types they finance

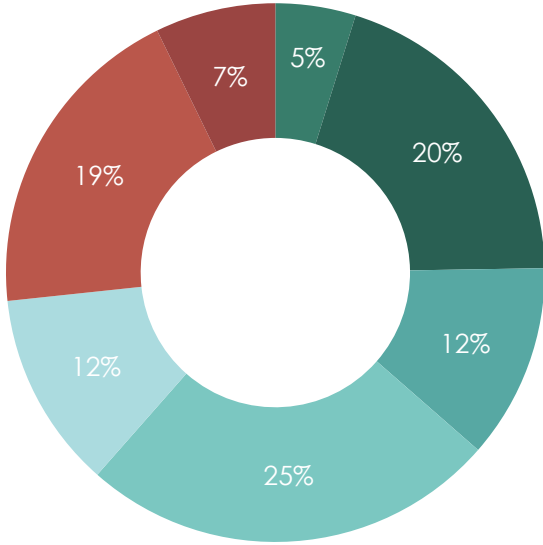
January 2025



- ARM 1Y
- ARM 2Y
- ARM 3Y/5Y
- ARM-Short
- Other floating rate
- Fixed-rate

Owner-distribution of DLR's bonds

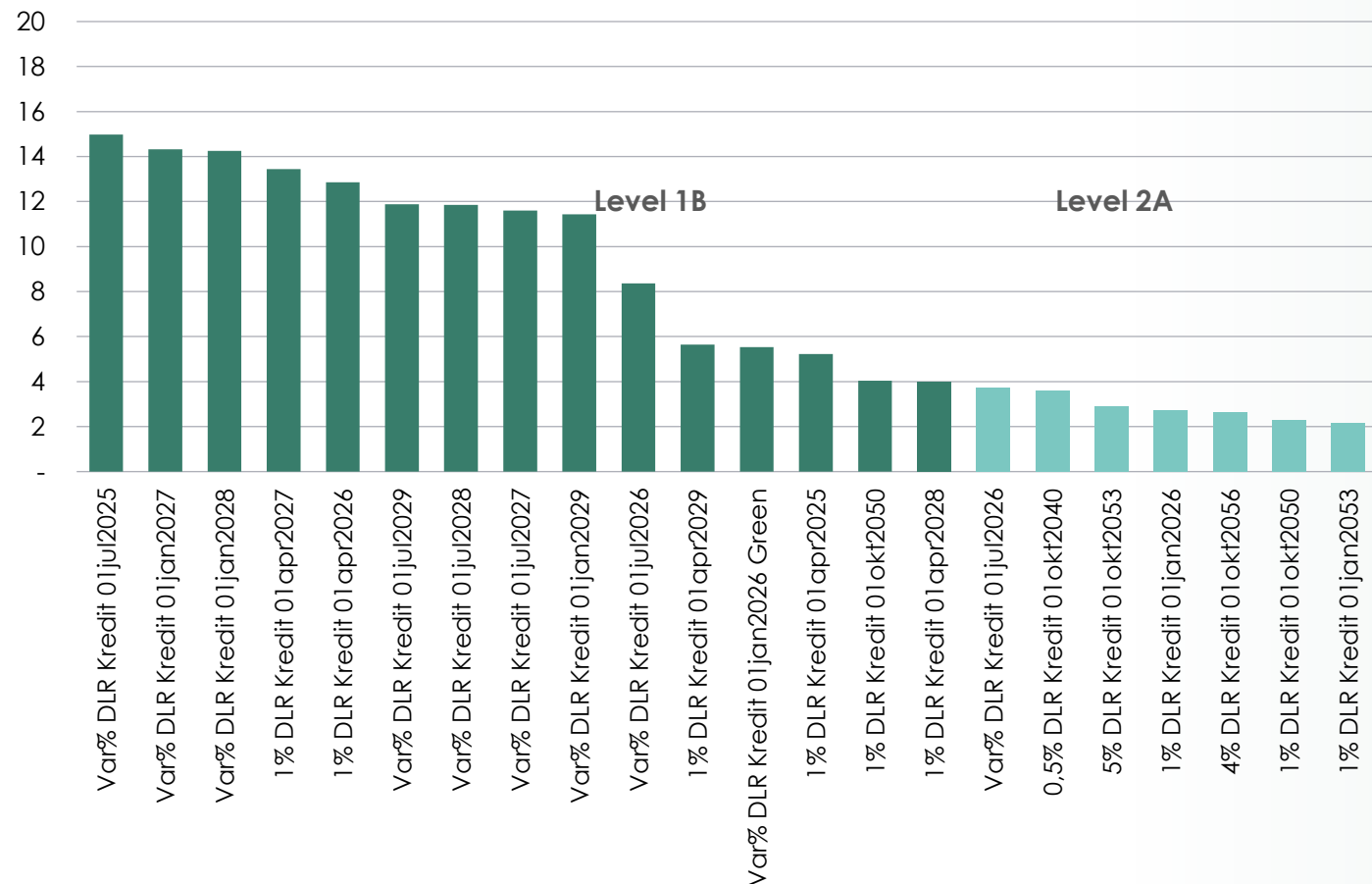
December 2024



- Others
- Insurance and pension
- Foreign investors
- The central bank and commercial banks
- Mortgage banks
- Investment funds
- Undisclosed

DLR's covered bond series

DLRs bond series that meets LCR size requirements (DKKbn) January 2025



LCR bond size requirements

- 84% of DLR's total amount of outstanding bond amount currently comply with the LCR bond size requirement for Level 1B (+500m EUR) or Level 2A (+250m EUR)
- A low demand on fixed-rate mortgages has resulted in not all DLR's callable bonds being LCR-compliant
- In December 2024, DLR changed the funding of ARM short to a new CIBOR6M Jan2030, which is still not LCR compliant
- The following bonds series open for issuance comply with the LCR bond size requirements:

ARM 3Y – 1% 01apr2027 (Level 1B)

ARM 5Y – 1% 01apr2029 (Level 1B)

Green ARM-Short – CIBOR6 01jan2026 Green (Level 1B)

ARM 4Y – 1% 01apr2028 (Level 1B)

ARM-Short – CITA6 01jul2026 (Level 1B)

ARM 1Y – 1% 01jan2026 (Level 2A)

Callable fixed rate – 4% 01okt2056 (Level 2A)

Refinancing

- of bonds maturing in the coming 12 months

DKK 30.3bn DLR covered bonds are up for refinancing within the next 12 months

- Refinancing of ARM-bonds amounts to DKK 9.8bn and refinancing of ARM-Short-bonds/Green ARM-Short-bonds amount to DKK 20.5bn
- In 2020, it was decided to change the refinancing date for the longest ARM loans from October to April, and new 3Y-5Y ARM loans have subsequently been funded in April-series

- The changes were made because DLR for some time has focused on establishing a funding structure with fewer and larger series to support bond liquidity

Maturity date	Bond type	Loan type	Currency	Refinancing frequency	Amount (DKKm)
01-04-2025	SDO	ARM	DKK	3-5 y	5,225
01-07-2025	SDO	ARM-Short	DKK	5 y	14,971
01-01-2026	SDO	ARM	DKK & EUR	1-5 y	4,544
01-01-2026	SDO	Green ARM-Short	DKK	5 y	5,527
Total					30,267

Issued senior debt and capital

- DLR has issued DKK 5.7bn capital and debt instruments of which DKK 4bn is SNP
- DLR also covers the debt buffer requirement with the current level of SNP
- On November 20, 2024, DLR issued Tier 2 supplementary capital amounting to SEK 1bn and DKK 400m. On December 6, DLR redeemed Tier 2 supplementary capital of DKK 650m issued in 2019

Type	Amount (DKKm)	Issue date	Maturity date	Maturity (years)	Reference rate	Spread
SNP	1,000	08-06-2021	01-07-2025	4	3M CIBOR	0.67%
SNP	700	15-06-2022	02-07-2026	4	3M CIBOR	1.25%
SNP	300	15-06-2022	02-07-2026	4	Fast rente	2.99%
SNP	1,000	20-06-2023	01-07-2027	4	3M CIBOR	2.40%
SNP	1,000	06-06-2024	01-07-2028	4	3M CIBOR	1.90%
Tier 2 (10nc5)	650	14-10-2022	14-10-2032	10	3M CIBOR	4.25%
Tier 2 (10.25nc5.25) – (SEK 1bn)	640	20-11-2024	20-02-2035	10.25	3M STIBOR	2.85%
Tier 2 (10.25nc5.25)	400	20-11-2024	20-02-2035	10.25	3M CIBOR	2.60%
Total, senior debt and capital	5,690					

Agenda

Financial results 2024

Lending and credit risk

Capital structure and rating

Funding

— **Sustainability**

Sustainability targets and focus areas for 2025

Explore the possibility of expanding the criteria for green loans to include CO₂e-reducing measures in the agricultural sector's biological processes

Expand questions about customers' ESG matters to include additional information on biodiversity

Send a report with the customer's own ESG responses directly to the customer via e-Boks, including comparative data from DLR's other customers

Provide further training for DLR's valuation experts in sustainability and ESG risks

Host meetings with larger shareholder banks and joint meetings with smaller shareholder banks on ESG credit risks

Focus on well-being for leaders and employees in DLR through local well-being initiatives

Status and fulfilments of 2024 sustainability targets

Targets for 2024	Status
<p>Expand the eligibility criteria for green loans and explore the possibility of expanding DLR's green mortgage product range</p>	<p>DLR expanded its loan criteria in 2024 to include biogas and hydropower. DLR has also explored the possibility of expanding the green product range to include mortgage loan with longer interest rate fixation, but have assessed that demand is limited</p>
<p>Collect more and better farm- and property-specific data on at least 90 percent of the loan portfolio with to improve sustainability assessments of customers</p>	<p>In 2024, DLR obtained improved data from e-nettet, covering all agricultural and urban business customers. We have also received ESG reports containing information on ESG factors from a growing share of our costumers</p>
<p>Share more ESG data with DLR's shareholder banks</p>	<p>DLR shares ESG reports containing information on the costumers' ESG factors with the partner banks, with the costumers' consent. The reports compare the individual responses with benchmark figures from DLR's total customer responses over the past 12 months. Additionally, more property-specific data, such as information on energy performance certificates, organic farming, and windmill, is shared with the partner banks</p>
<p>Structured development of sustainability skills among DLR's employees</p>	<p>DLR conducted a training program in 2024 for DLR's lending department</p>
<p>Conduct stakeholder and double materiality analyses for use in CSRD reporting</p>	<p>DLR has prepared a stakeholder and double materiality analysis for use in CSRD reporting</p>
<p>Prepare internal employee policy regarding diversity, equality and inclusion</p>	<p>The development of an internal employee policy on diversity, equality, and inclusion is still pending, but will be implemented in 2025</p>

CSRD

- Corporate Sustainability Reporting Directive

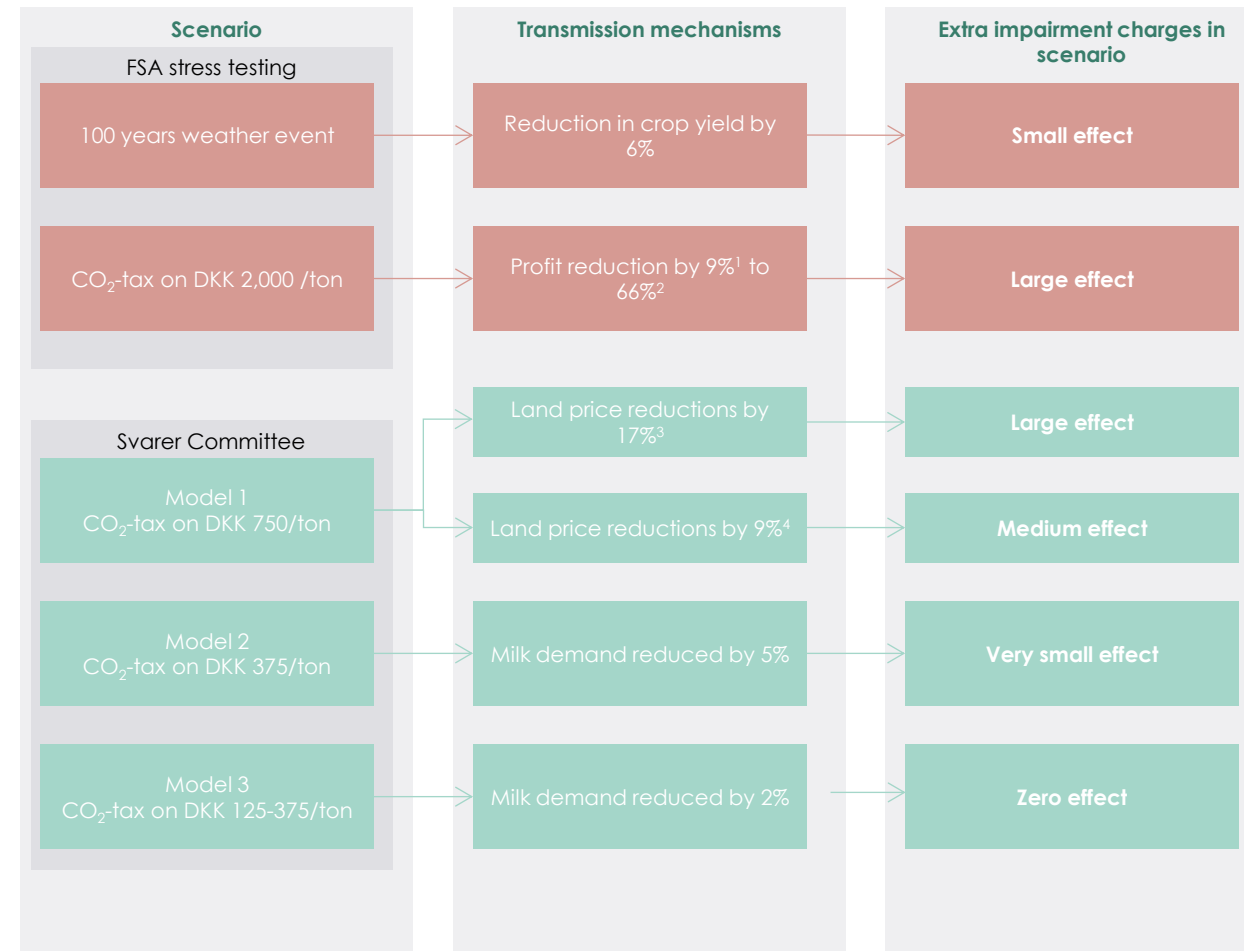
- DLR has been working throughout 2024 on preparations for the reporting requirements under CSRD. DLR will report for the first time in February 2026. As part of these preparations, DLR has sharpened its focus on the key aspects of its sustainability efforts
- In 2024, DLR conducted interviews with external stakeholders to assess DLR's impact on society and people. Through this process, DLR has received valuable input for its continued sustainability work
- ESG considerations have become an even more integrated part of DLR's credit risk management, and the preparations for CSRD reporting have led DLR to expand the underlying ESG risks in its risk register
- By the end of February 2025, the EU Commission is expected to propose a draft on burden reduction and simplification of CSRD and other sustainability regulations, which may impact CSRD reporting obligations



ESG Risks

Three approaches to managing ESG risks at DLR:

- Portfolio approach
 - Adherence to the UN Principles for Responsible Banking and measurement of financed CO₂e emissions at portfolio level
- Stress testing approach
 - ESG-related stress testing based on the Danish Financial Supervisory Authority's guidelines on climate stress testing and the Svarer Committee's scenarios for a CO₂e tax
- Exposure approach
 - Assessment of individual exposures and counterparties' performance on ESG factors in relation to risks. DLR primarily focuses on climate-related risks that impact credit risk
 - Relevant ESG factors are incorporated into DLR's credit assessment of customers and property valuation
 - Going forward, DLR will place even greater emphasis on data-driven credit-related ESG risks and integrating them into credit assessments and property valuations



¹Crop producers, ²Dairy producers, ³Without afforestation, ⁴With afforestation

ESG data

ESG data on borrowers

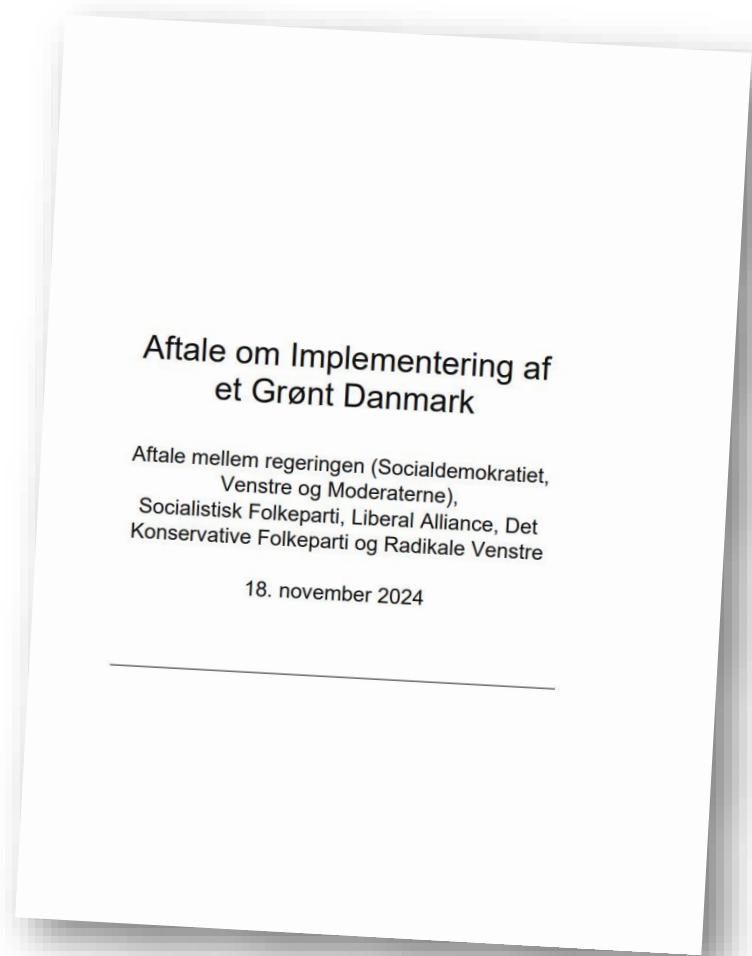
- DLR has actively participated in e-nettet's efforts to improve ESG data and digitalization in the financial sector
- Three ESG solutions in e-nettet:
 - Climate – Improved data on physical climate risks
 - ESG Business – Better CO₂e data on agriculture properties
 - Consumption and Emissions – Enhanced CO₂e data on buildings
- DLR shares relevant information with its shareholder banks, including data on energy performance certificates, primary heating sources, organic farming and windmills

Sustainability information from borrowers

- Since September 2022, DLR has been sending ESG questionnaires to all new borrowers and existing customers applying for new loans. DLR generates ESG reports based on the responses
- These reports supplement information used by loan officers in DLR and banks advisors in DLR's partner banks in assessing customers' ESG factors
- From October 2024, the reports have been expanded to show how borrowers perform relative to a relevant benchmark



‘Green Denmark’: Agreement for implementation



Key elements of the agreement

- Tax on agricultural biological greenhouse gas emissions
- Reductions in nitrogen emissions through land conversion and restrictions
- Withdrawal of carbon-rich peatlands, afforestation, and strategic land acquisitions

DLR's considerations

- DLR assesses that the Danish farmers can manage the agreement in a way that aligns with the political objective of developing, rather than dismantling, the sector
- The agreement reduces Denmark's total agricultural area by 15%. This will lead to structural changes in the agricultural sector

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