

**dlr·kredit**



# Investor presentation

April 2025

# Agenda

## — **Interim financial results Q1 2025**

Lending and credit risk

Capital structure and rating

Funding

Sustainability

# Interim report Q1 2025

## Financial summary

- DLR achieved a pre-tax profit of DKK 384m, driven by a:
  - Highly satisfactory loan portfolio growth
  - High returns on the securities portfolio
  - Low losses and impairments

## Outlook for 2025

- Unchanged expectation of a pre-tax profit of DKK 1,300m – 1,500m
- The lower level compared to 2023 – 2024 is primarily due to lower returns on the investment portfolio
- Continued growth in lending and satisfactory financial conditions among customers

## Lending activity

- In Q1, the loan portfolio grew by DKK 3.4bn (1.7%) compared to DKK 2.4bn (1.3%) during the same period in 2024
- DLR's loan portfolio was DKK 202.6bn by the end of March split into 49.6% agriculture and 50.4% commercial/owner-occupied

## Own funds

- At the end of Q1, the capital base was DKK 18.1bn, and the capital ratio was 23.5%
- The result for the first quarter is not included in the capital base, as no audit review of the financial statements has been conducted. Including the result, the capital ratio is 23.9%
- Very comfortable buffer to the regulatory capital requirement at 16.8%
- Limited impact from the new capital requirement from January 2025

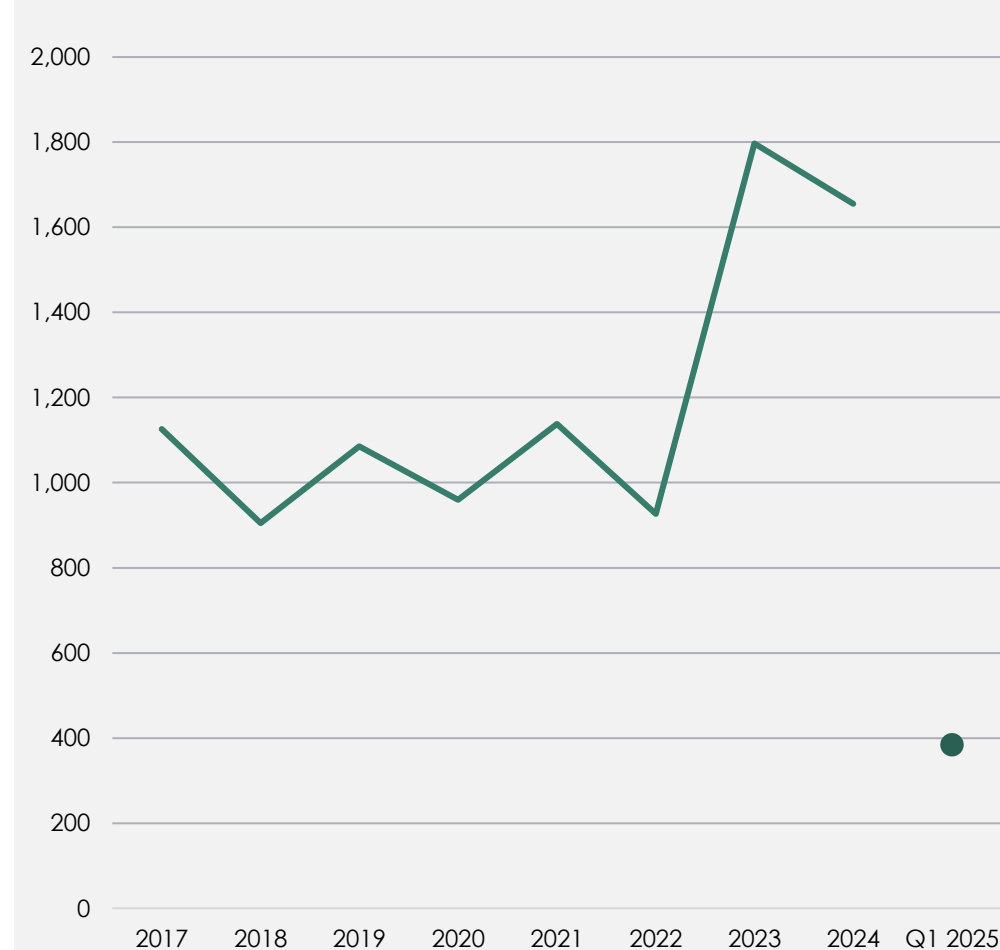
## Sustainability and ESG-risk

- On November 18<sup>th</sup> 2024, a political agreement was reached on implementing a 'Green Denmark' accord
- DLR assesses that agricultural customers are generally well equipped to meet the upcoming requirements in the transition to a 'Green Denmark'
- In 2025, DLR's effort in terms of ESG risks will increasingly be focused on data mapping credit-related ESG risks and integrating these into credit assessments and property valuations
- DLR has been collecting ESG data from borrowers since 2022 and implemented a new benchmark function at the end of 2024
- DLR generally aims to play a role as an active lender relative to the sustainable transition in close cooperation with the loan-distributing banks, for both agricultural and non-agricultural customers

# Income statement

(DKKm)	Q1 2025	Q1 2024	Index
Administration fee income	501	489	103
Other core income, net	28	22	127
Interest expenses, subordinated debt	-15	-11	132
Interest expenses, senior debt	-17	-15	116
Fee and commission income, net	-153	-160	96
<b>Core income</b>	<b>344</b>	<b>325</b>	<b>106</b>
Staff costs and administrative expenses, etc.	-110	-95	117
Other operating expenses	0	-5	0
<b>Core profit before impairment of loans, advances and receivables</b>	<b>234</b>	<b>225</b>	<b>104</b>
Impairment of loans, advances and receivables, etc.	-7	-5	136
Portfolio earnings (securities)	157	163	96
<b>Profit before tax</b>	<b>384</b>	<b>383</b>	<b>100</b>
<b>Profit after tax</b>	<b>284</b>	<b>284</b>	<b>100</b>

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 200m in Q1 2025, which is DKK 13m lower than in 2024
- DKK 5.7bn of DLR's securities portfolio of DKK 31.1bn are 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 157m

(DKKm)	Q1 2025	Q1 2024
Bonds, interest rates	149	196
Bonds, price adjustments	45	13
Interest rates, credit institutions	2	4
Currency, price adjustments	4	0
Shares, price adjustments	0	0
<b>Return on securities holdings, gross</b>	<b>200</b>	<b>213</b>
CIBOR-interest rate on capital and debt instruments issued <sup>1)</sup>	-36	-49
Other	-7	0
<b>Return on securities holdings, net</b>	<b>157</b>	<b>163</b>

<sup>1)</sup> 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

# Agenda

Interim financial results Q1 2025

## — **Lending and credit risk**

Capital structure and rating

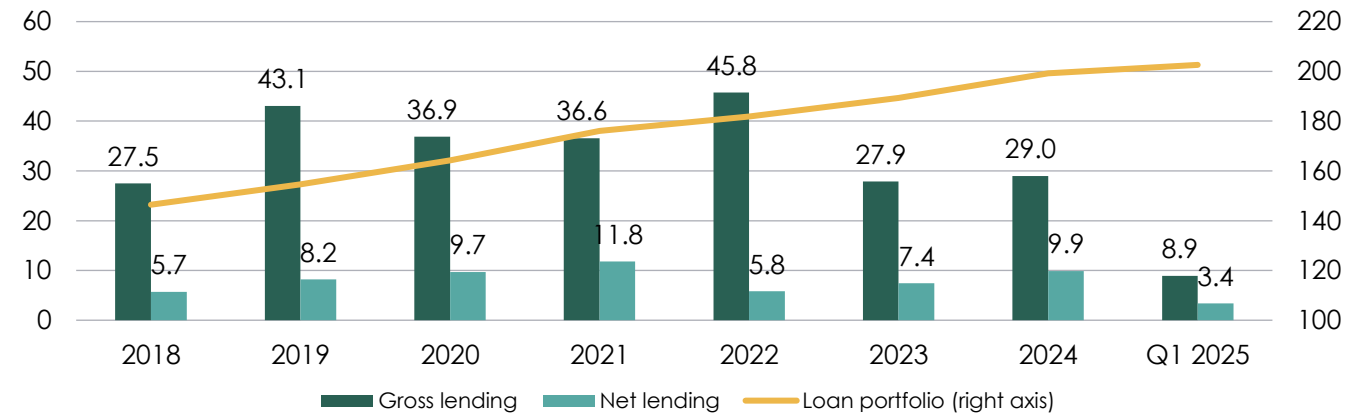
Funding

Sustainability

# Lending activity

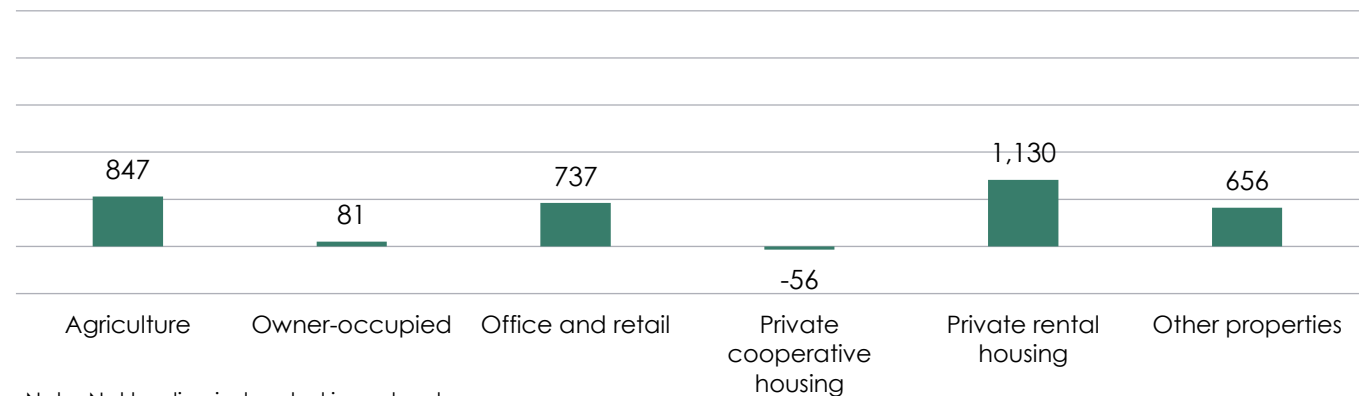
- DLR's loan portfolio expanded by DKK 3.4bn during Q1 2025, against DKK 2.4bn during the same period for 2024
- In Q1 2025, DLR has experienced lending growth within all three main lending categories: agriculture, office/retail and private rental housing
- DLR's gross lending was DKK 8.9bn during Q1 2025, against DKK 7.2bn in Q1 2024
- At the end of Q1 2025, DLR's loan portfolio was DKK 202.6bn

## 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)

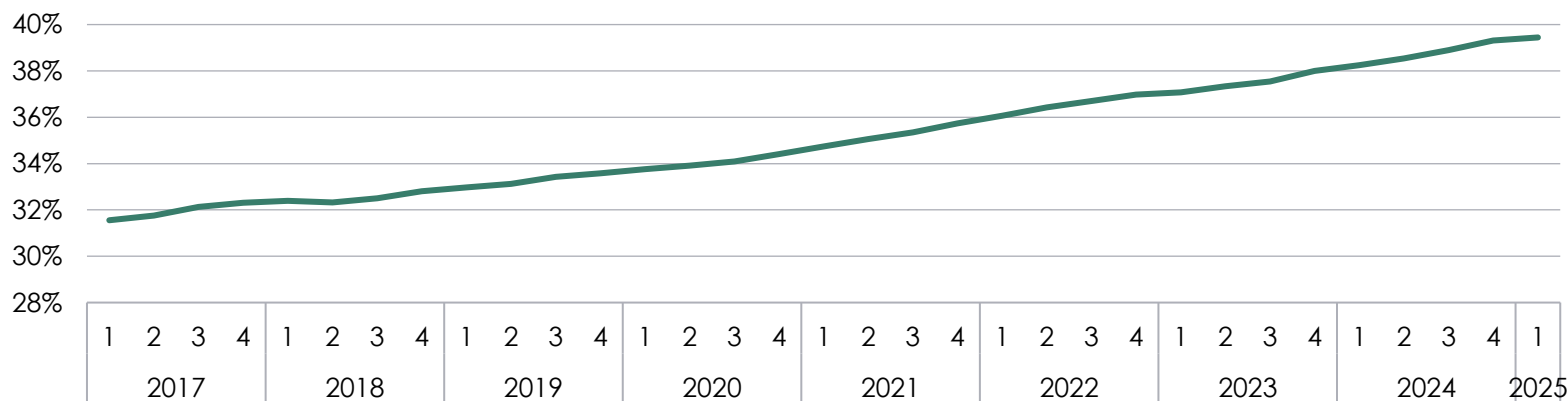


Note: Net lending is denoted in cash value

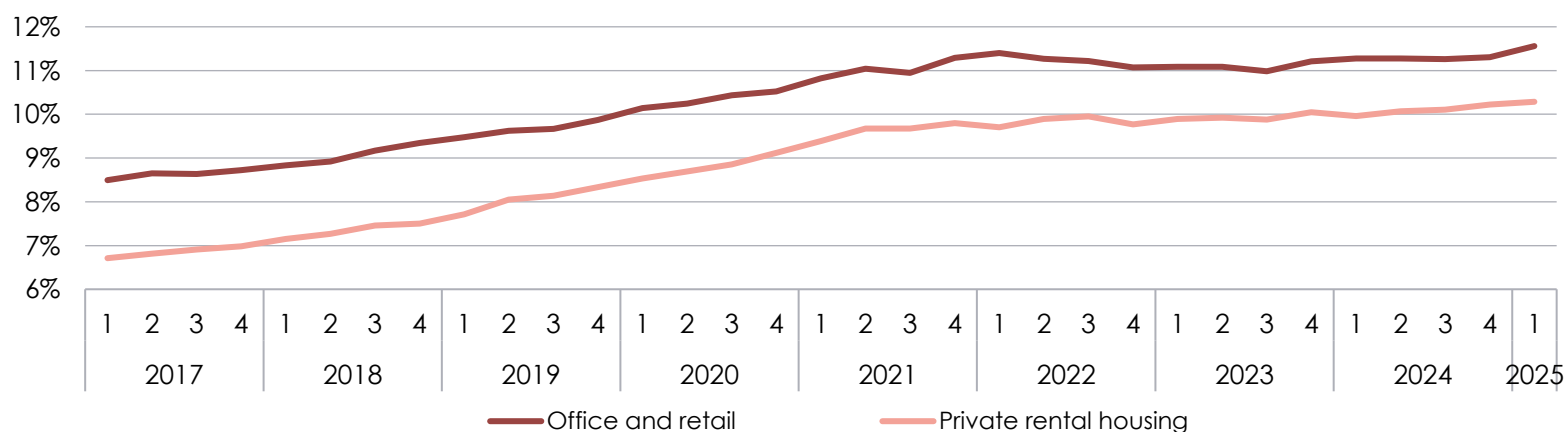


# DLR's market share

## DLR's market share – Agriculture portfolio



## DLR's market share – Commercial loan portfolio



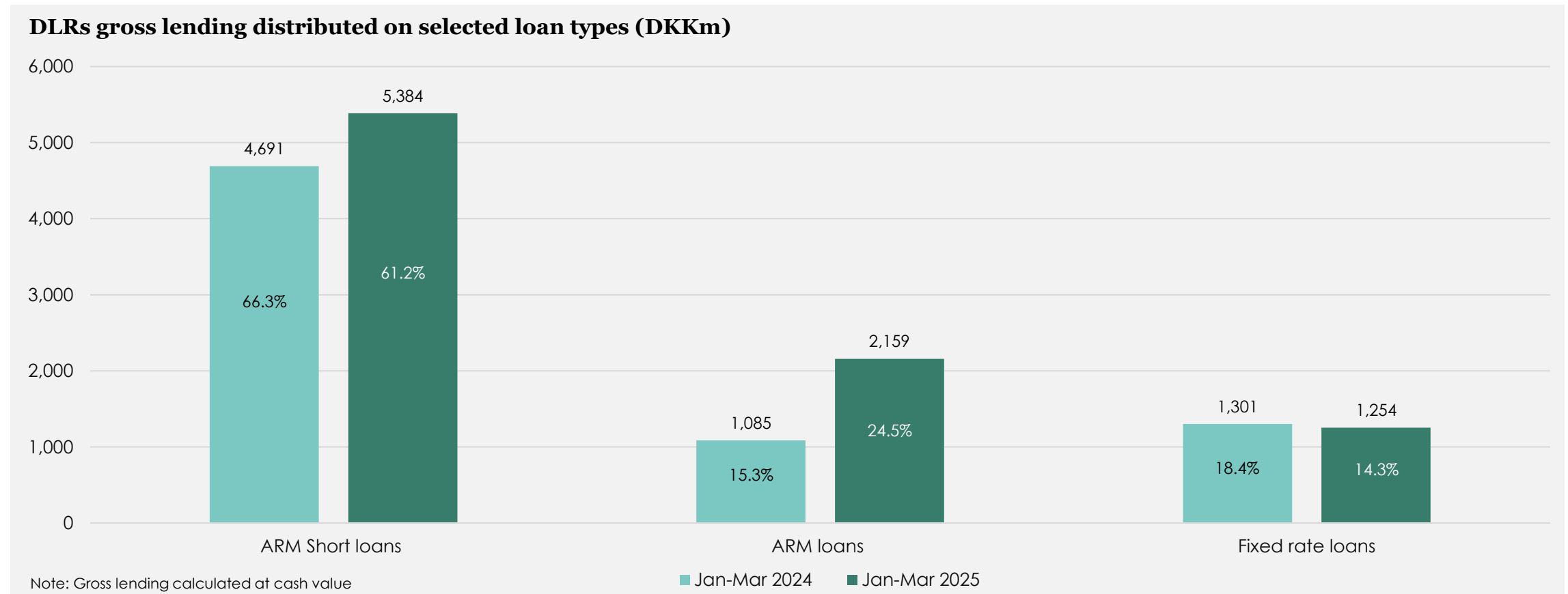
Sources: DLR and Finance Denmark

- DLR's total loan portfolio of DKK 202.6bn at the end of March 2025 represents a share of 6.3% of Danish mortgage banks' total outstanding mortgages of DKK 3,205bn
- DLR's market share within agricultural lending has increased since 2015 and is at the end of March 2025 at 39.4%
- DLR's market share to commercial properties has remained stable in recent years, though with a slightly increasing trend for private rental housing
- In Q1 2025, the market share for office and retail properties increased by 0.3 percentage points to 11.6%



# DLR's disbursed loans

## - Distributed on loan types



# Loan portfolio

- Distributed on property categories and types of loans

Loan portfolio end March 2025			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	100.6	49.6%	11.7%	71.0%	2.4%	3.0%	11.3%	0.5%
Owner occupied incl. residential farms	11.4	5.6%	54.4%	16.8%	3.5%	6.1%	18.4%	0.8%
Office and retail	35.0	17.3%	28.9%	42.0%	2.1%	6.0%	20.7%	0.3%
Private residential rental housing	46.7	23.0%	26.0%	42.7%	1.9%	10.0%	19.2%	0.2%
Private cooperative housing	3.9	1.9%	71.8%	9.3%	0.5%	3.4%	14.7%	0.3%
Other properties	5.1	2.5%	44.0%	44.1%	1.6%	1.5%	8.7%	0.0%
<b>Total</b>	<b>202.6</b>	<b>100.0%</b>	<b>22.4%</b>	<b>54.6%</b>	<b>2.2%</b>	<b>5.3%</b>	<b>15.2%</b>	<b>0.4%</b>

# Encouragement for longer fixed-rate loans

## - Supervisory Diamond

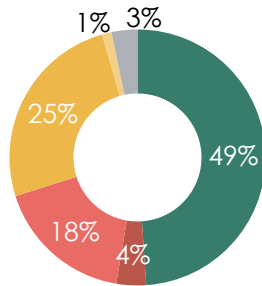
- Due to the rise in interest rates in recent years, DLR has experienced an increasing share of borrower demanding variable interest rate loans with an interest rate fixed for less than two years
- This has led to a proportion of loans within the owner-occupied and residential rental housing segments 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 21.7% for Q1 2025 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



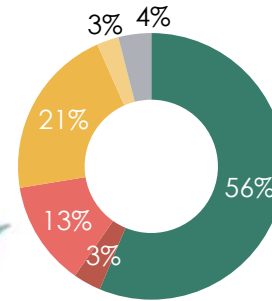
# Geographical distribution of lending

- Outstanding debt at end March 2025

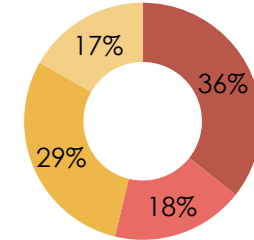
**Central Jutland**  
DKK 62.6bn (30.9%)



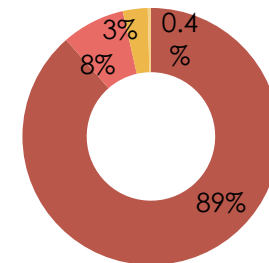
**Northern Jutland**  
DKK 43.3bn (21.4%)



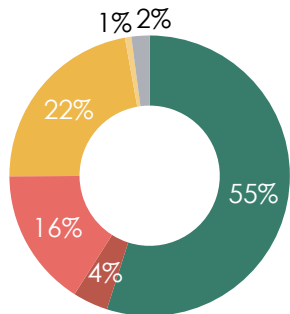
**Greenland**  
DKK 3.1bn (1.5%)



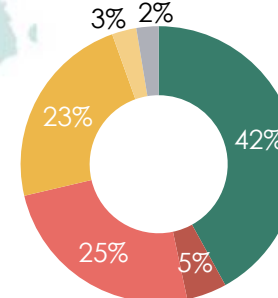
**Faroe Island**  
DKK 2.0bn (1.0%)



**Southern Jutland and Funen**  
DKK 54.8bn (27.0%)



**Zealand/Capital**  
DKK 36.9bn (18.2%)



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

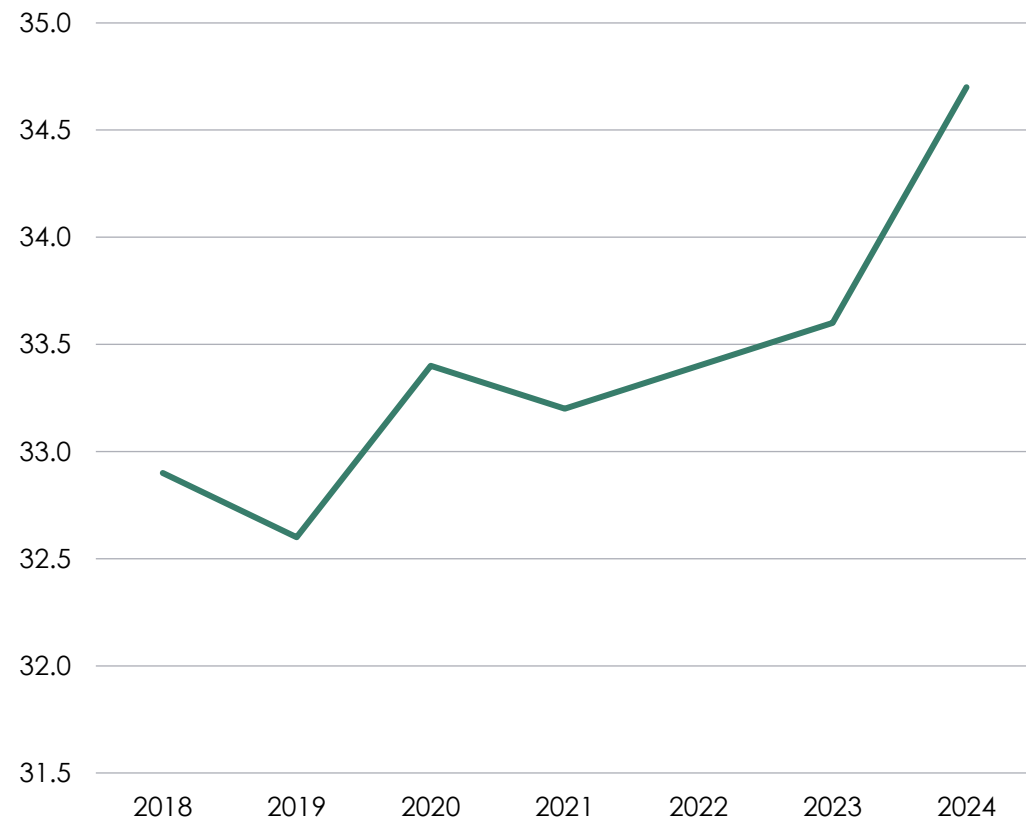
# The agricultural sector in Q1 2025

- Agriculture performed well in 2024 – which continued into Q1 2025. Generally favorable terms of trade ensured farmers a satisfactory income – though with differences between the various sectors
- The global dairy market has in recent years been characterized by a slight increase in demand, while production has not increased. This has led to an upward trend in milk prices, which are expected to remain at a high level in 2025.
- Piglet producers also experienced good profitability in Q1 2025, as prices recovered from the decline in the second half of 2024 and returned to a relatively high level. Slaughter pig producers, however, continue to face earnings challenges due to high piglet purchase prices and unfavorable terms of trade. The pork price quotation in 2025 is expected to be slightly lower than in 2024, despite declining production in the EU
- The price of wheat has been declining since 2022 but remains at an acceptable level and higher than before 2022
- The development was reflected in land prices, which continued the upward trend from previous years

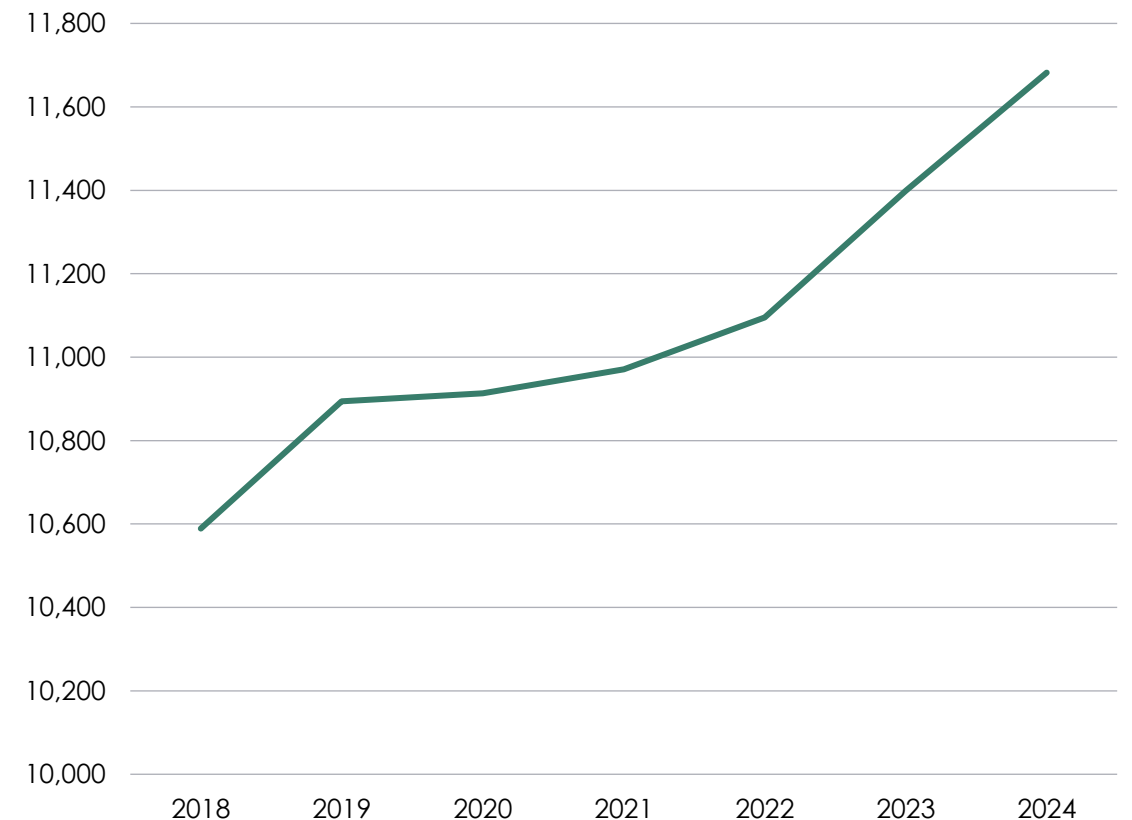


# Productivity gains

**Produced pigs per sow per year, facilities >750 sows**



**Kg. ECM per cow per year**

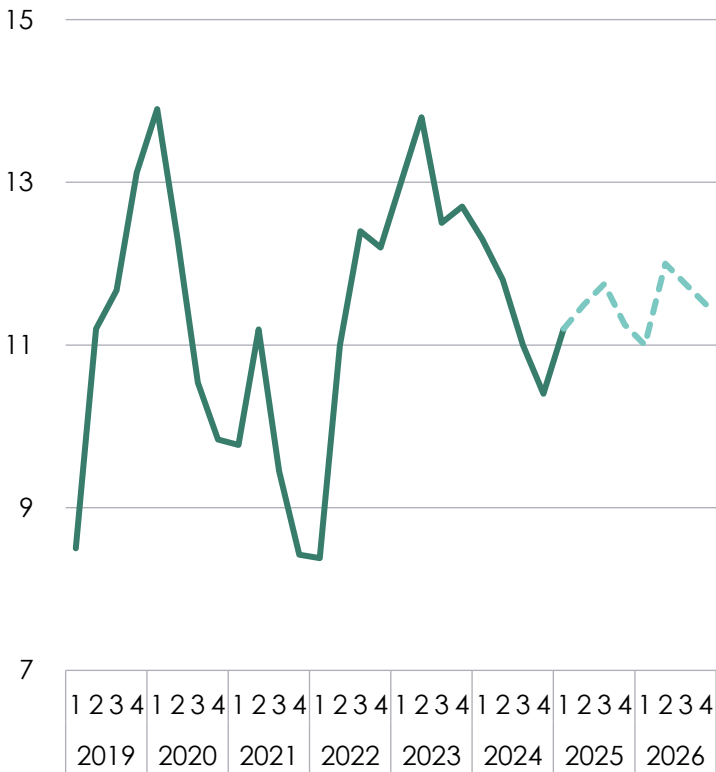


Source: SEGES

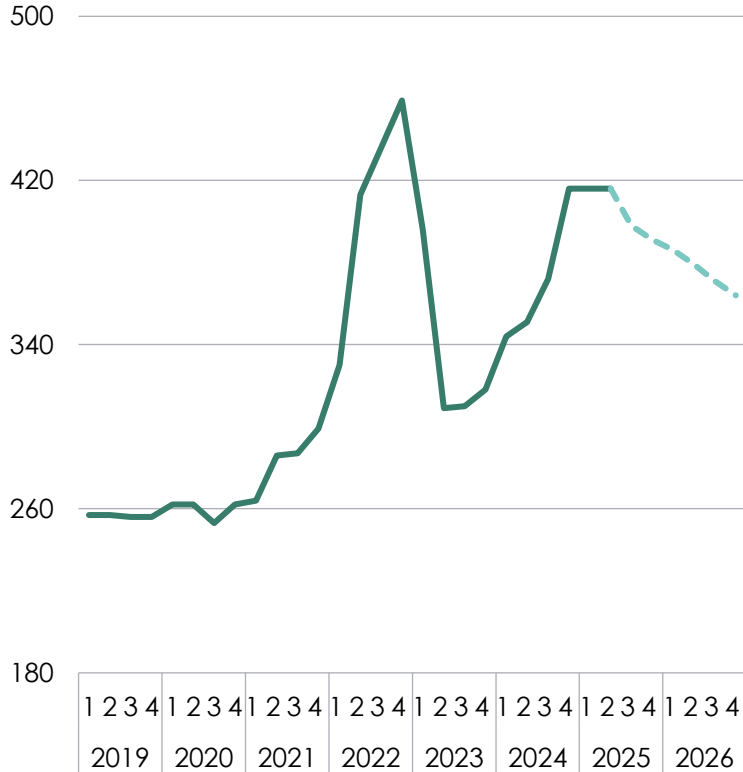
Note: ECM (Energy-corrected milk) Milk production corrected for fat and protein content

# Development in agricultural product pricing

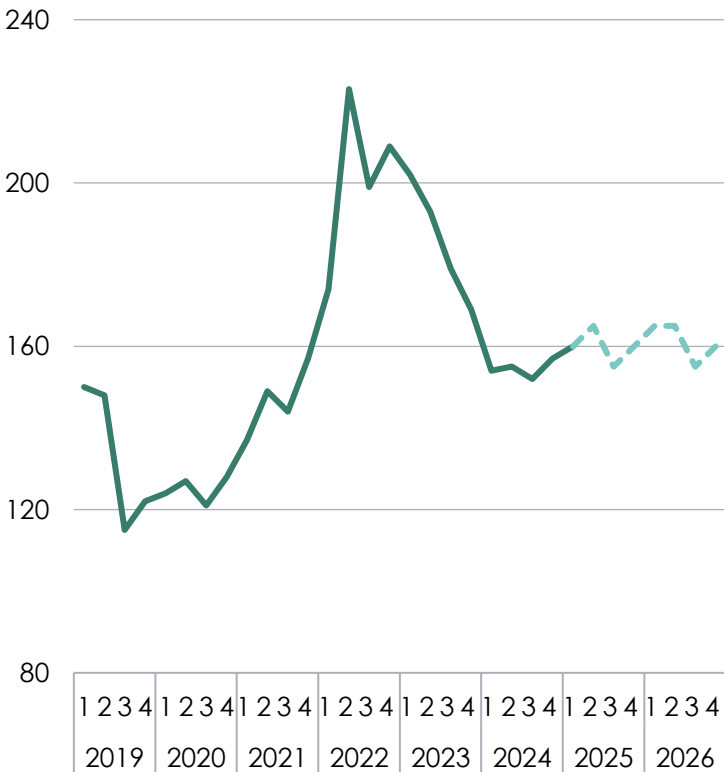
Development in pork price quotation (DKK/kg)



Milk price quotation (DKK0.01/kg)



Price on wheat (DKK/100 kg)



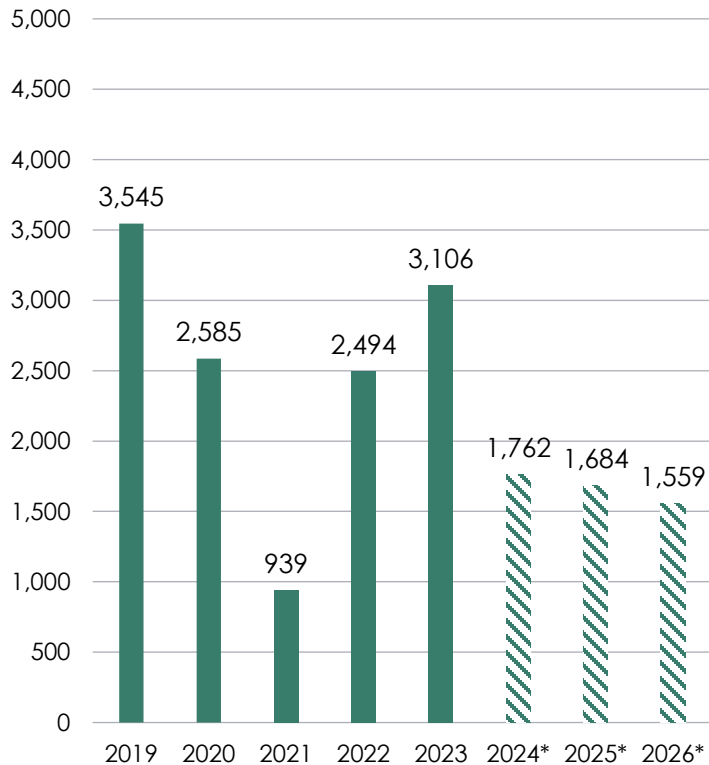
Source: SEGES  
Note: Forecast, March 2025



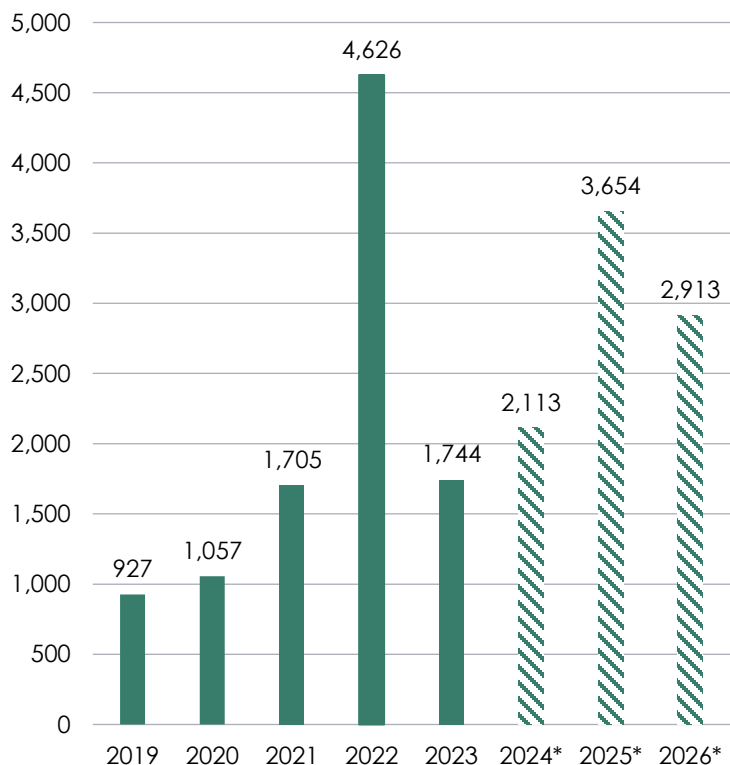
# Agriculture income

- Measured in operating income before owner compensation

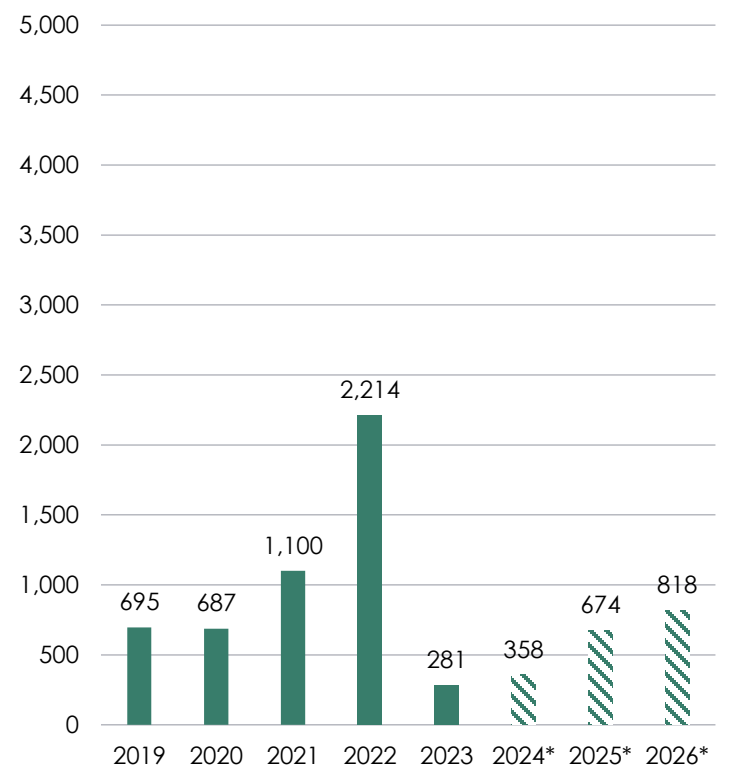
**Pork producers  
(DKKt)**



**Milk producers  
(DKKt)**



**Crop producers  
(DKKt)**

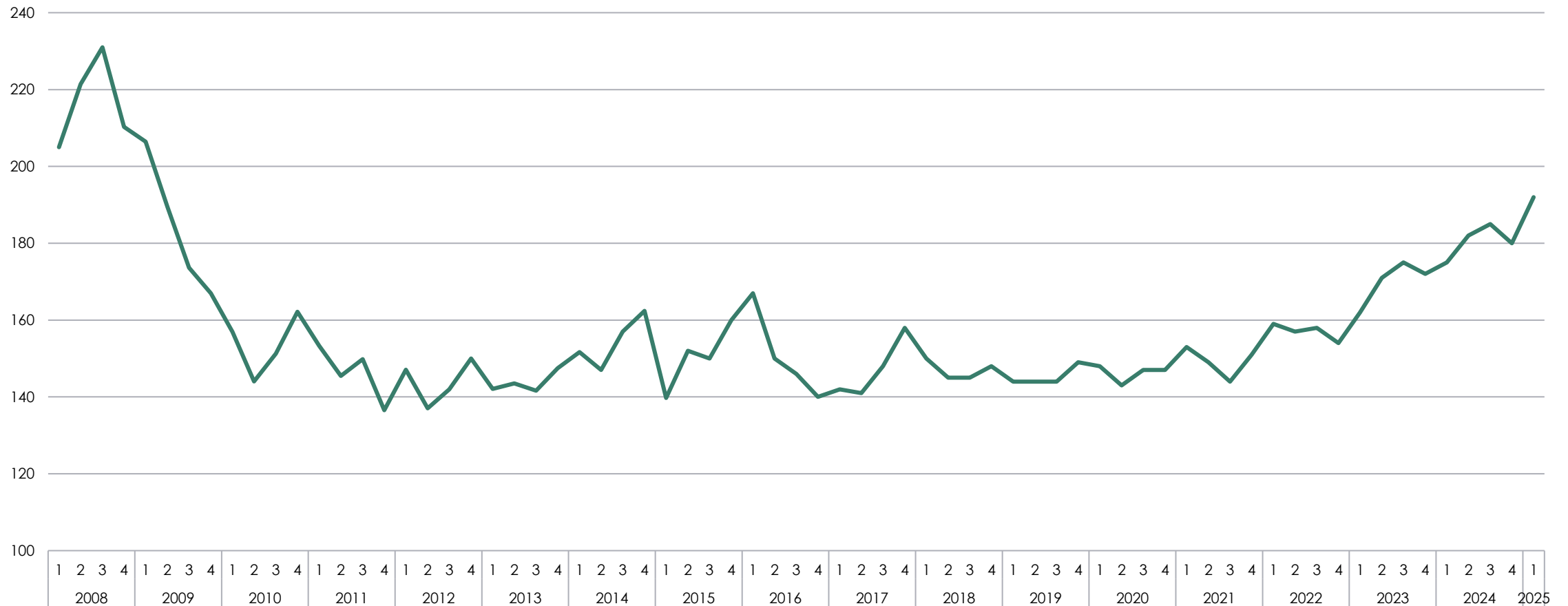


Source: SEGES

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

# Price on agricultural land

**Average price of arable land DKKt/ha**

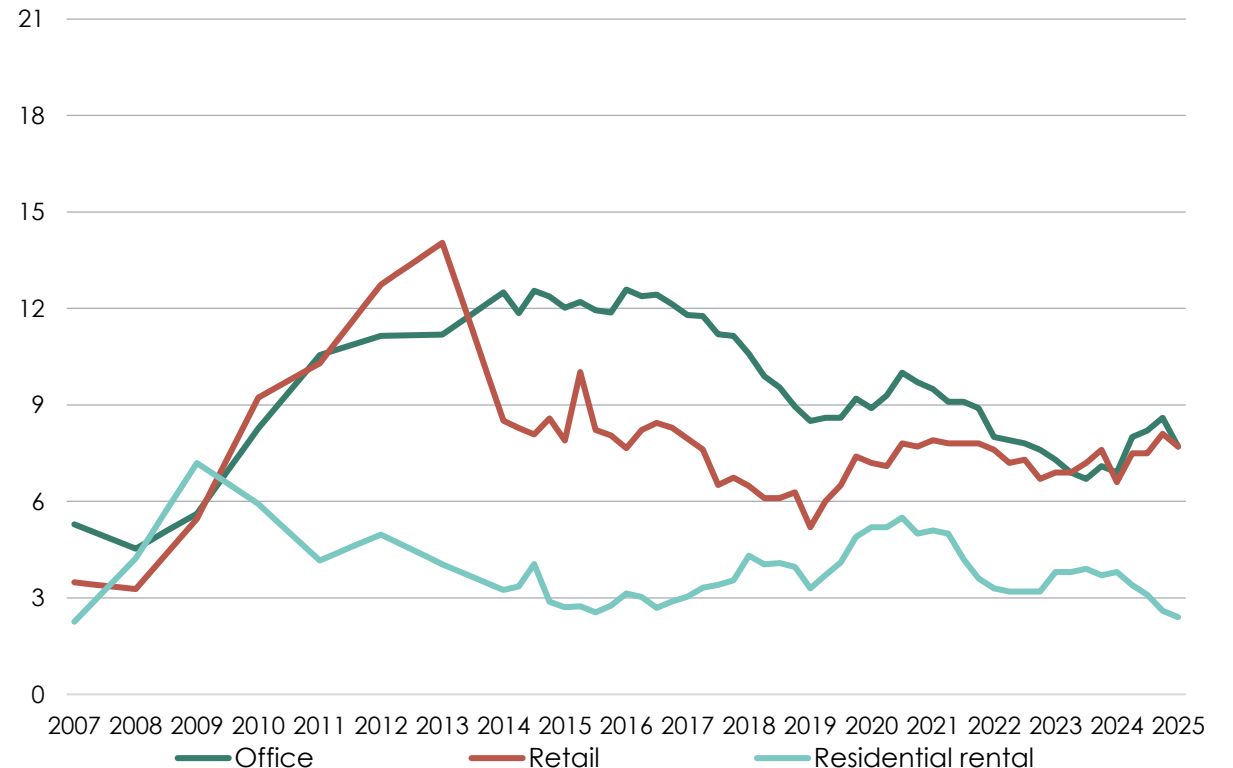


Source: DLR, based on registered purchases and sales of agricultural properties with more than 10 ha of arable land, excluding buildings

# The commercial real estate market

- Vacancy rates remain at a relatively low level for the three property categories, although slightly increasing for office and retail
- Residential rental properties have seen a continued decrease in vacancy rates, reaching the lowest level since 2007, with a vacancy rate of 2.4 percent

**Development in vacancy rates (%)**

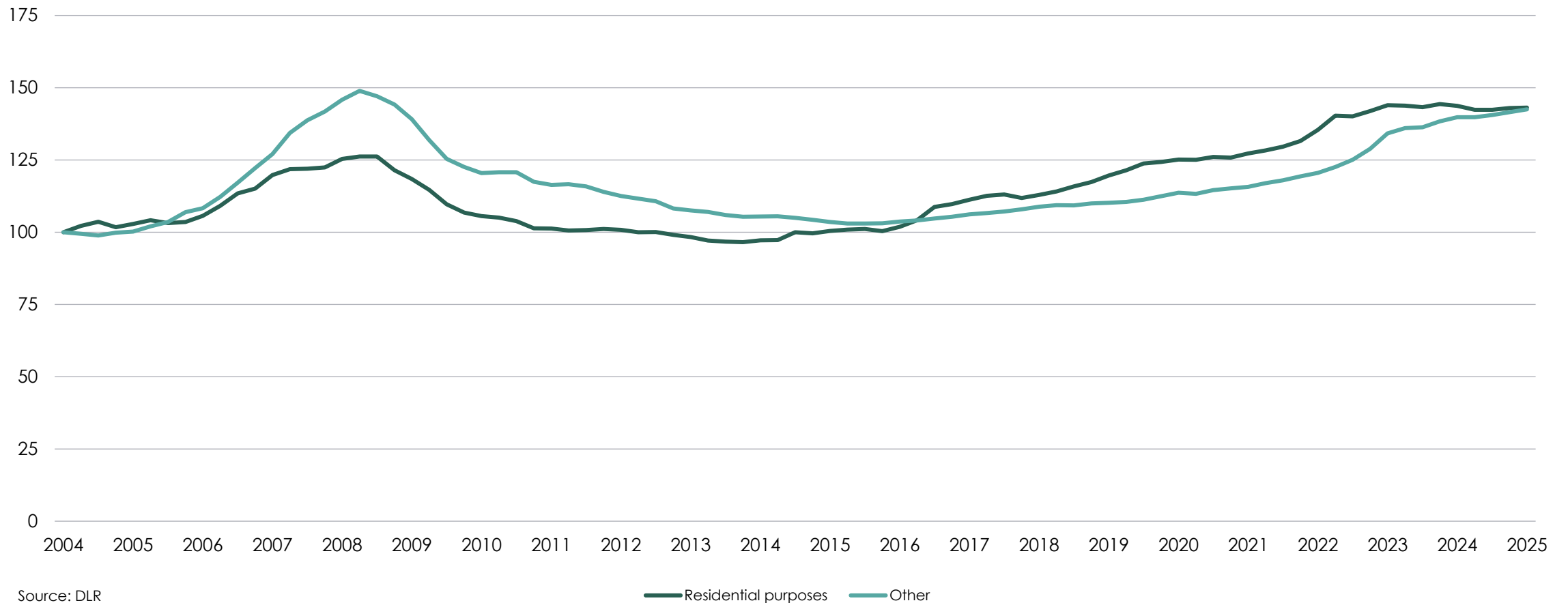


Source: EjendomDanmark

# 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)

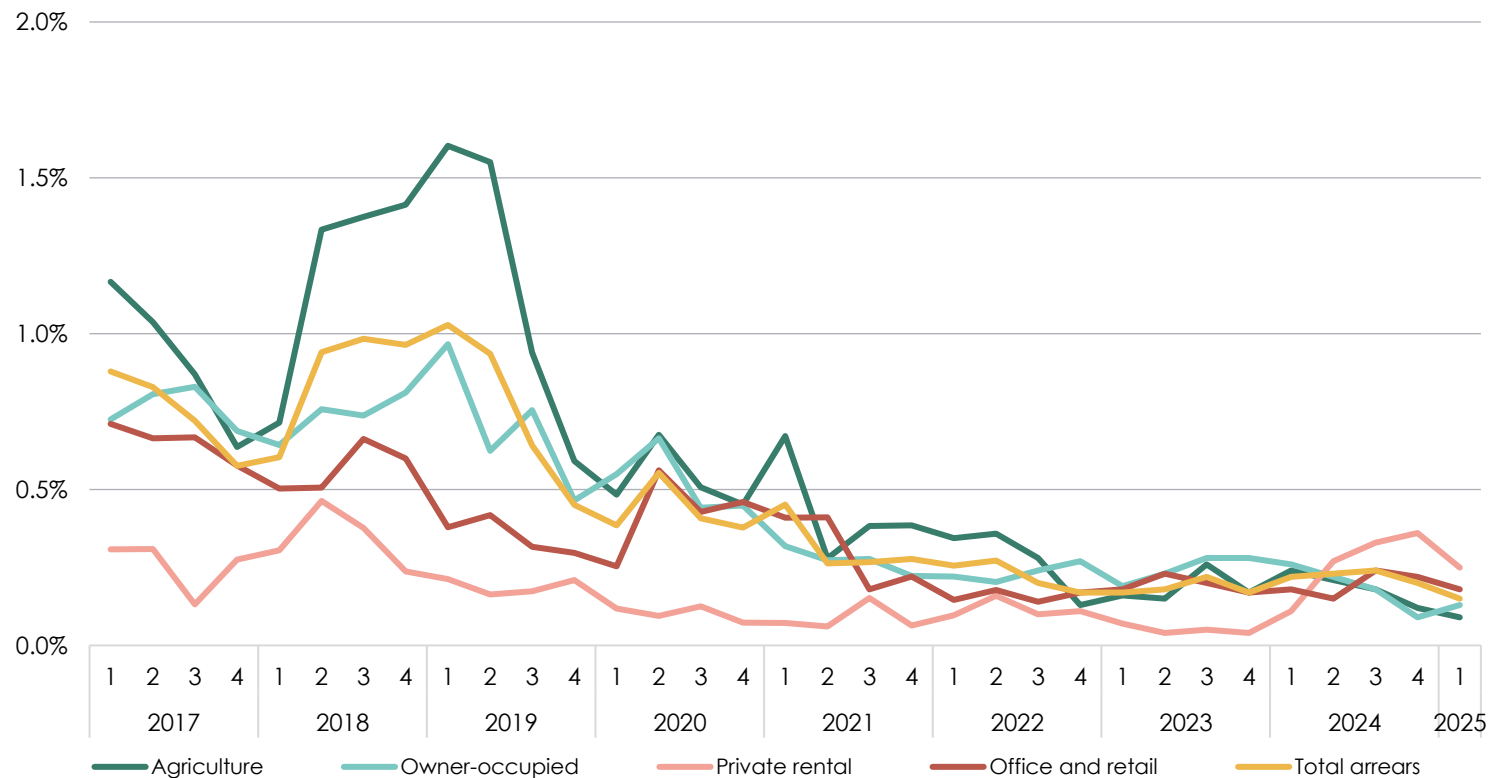


Source: DLR

# Arrears

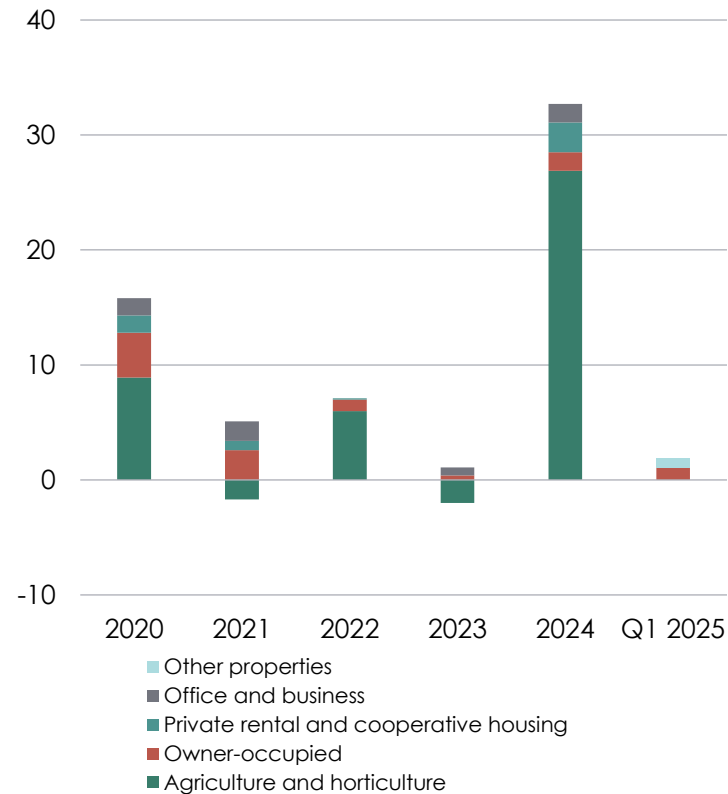
- Overall, the arrears ratio – measured as the percentage of mortgage payments in arrears 3½ months past the due date – was 0.15% in mid-April 2025, against 0.22% in mid-April 2024
- The arrears are low for all DLR's major business segments
- Arrears for private rental increased during 2024 to 0.36% in mid-January, but have since fallen to 0.25% in mid-April. 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

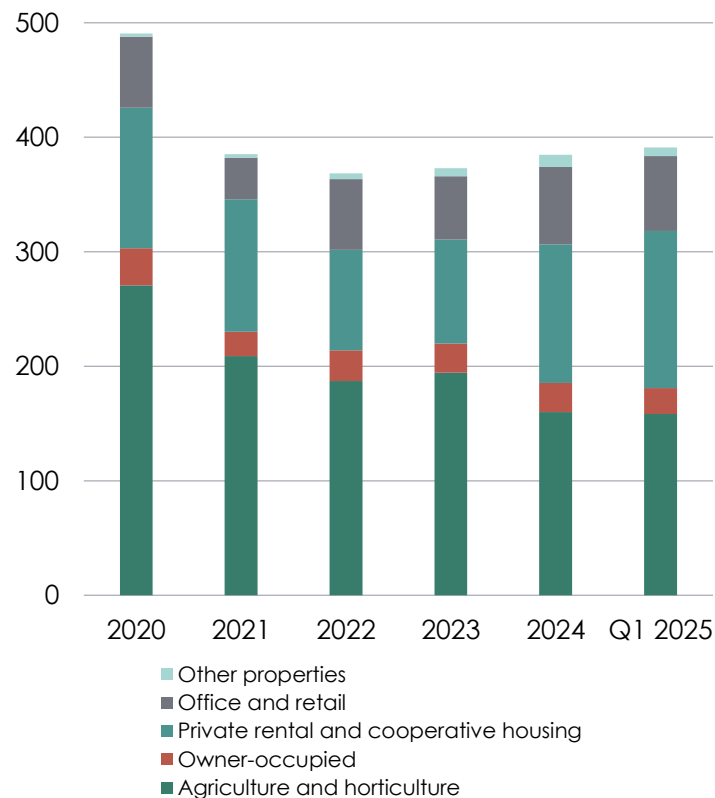


# Losses and provisions

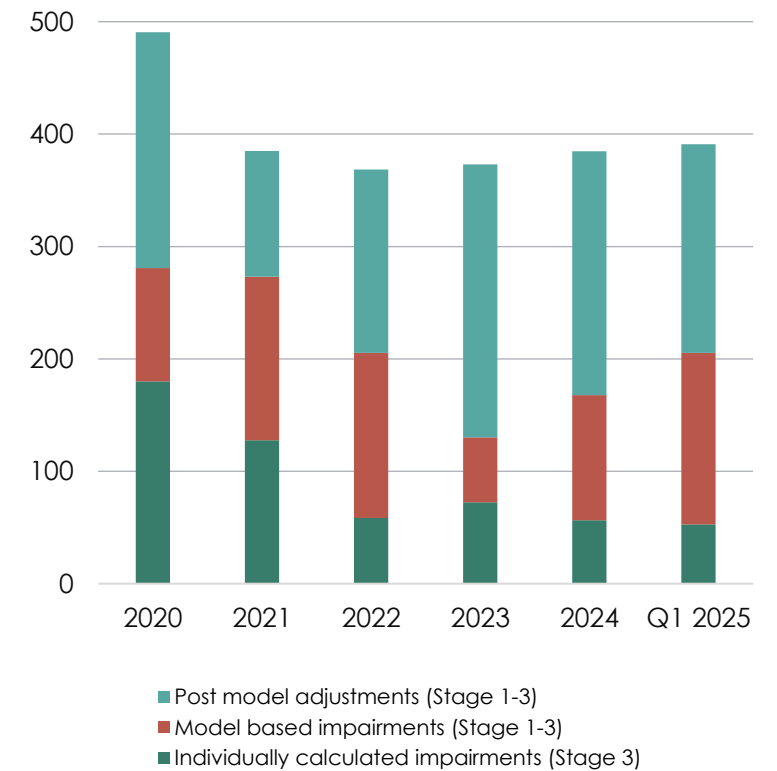
**Actual loan losses before loss offsetting (DKKm)**



**Accumulated impairment provisions distributed by property (DKKm)**



**Accumulated impairment provisions distributed by impairment types (DKKm)**

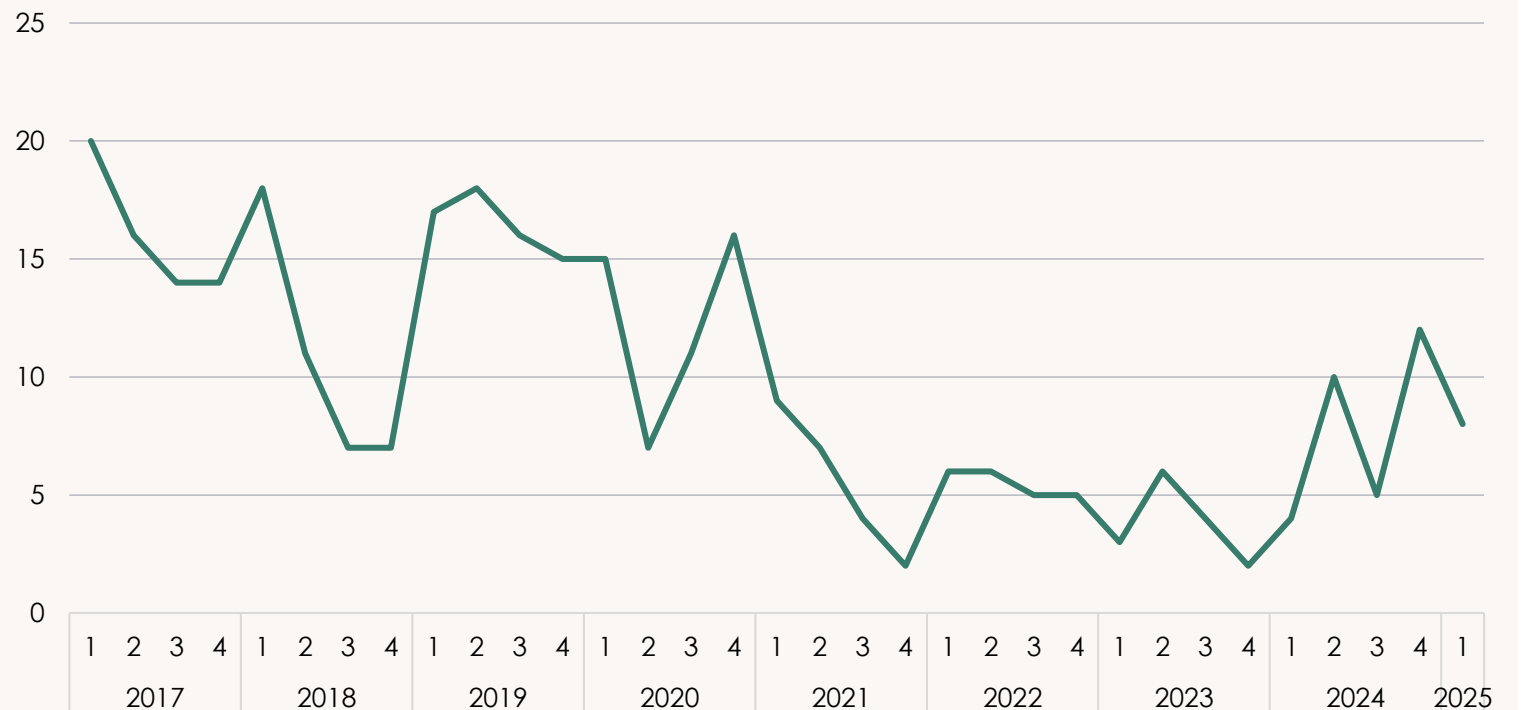


Note: The change in DLR's total losses from 2023 to 2024 is primarily due to a loss on a loan to one specific horticultural property. The loan is one of the few older loans not covered by DLR's loan loss guarantee concept.

# Forced sales

- The number of completed forced sales of properties in which DLR held a mortgage was 8 in Q1 2025
- DLR holds a single property acquired through forced sale - acquired at the end of 2024

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





# Agenda

Interim financial results Q1 2025

Lending and credit risk

## — **Capital structure and rating**

Funding

Sustainability

# DLR's own funds

(DKKm)	Q1 2025	End-2024	End-2023
<b>Equity</b>			
- Distributable reserved	15,497	15,222	14,794
- Non-distributable reserves	2,408	2,399	2,355
<b>Total equity</b>	17,905	17,622	17,149
CET1 (total equity after capital deduction)	16,377	16,471	16,044
Tier 2 capital	1,733	1,694	1,298
<b>Own funds</b>	18,110	18,165	17,342
<b>Total risk exposure</b>	77,097	76,581	72,158
<b>Total capital ratio, % <sup>1)</sup></b>	23.5	23.7	24.0
<b>Capital requirement, % <sup>2)</sup></b>	16.8	16.6	15.3
<b>Capital surplus, %-points</b>	6.7	7.2	8.7

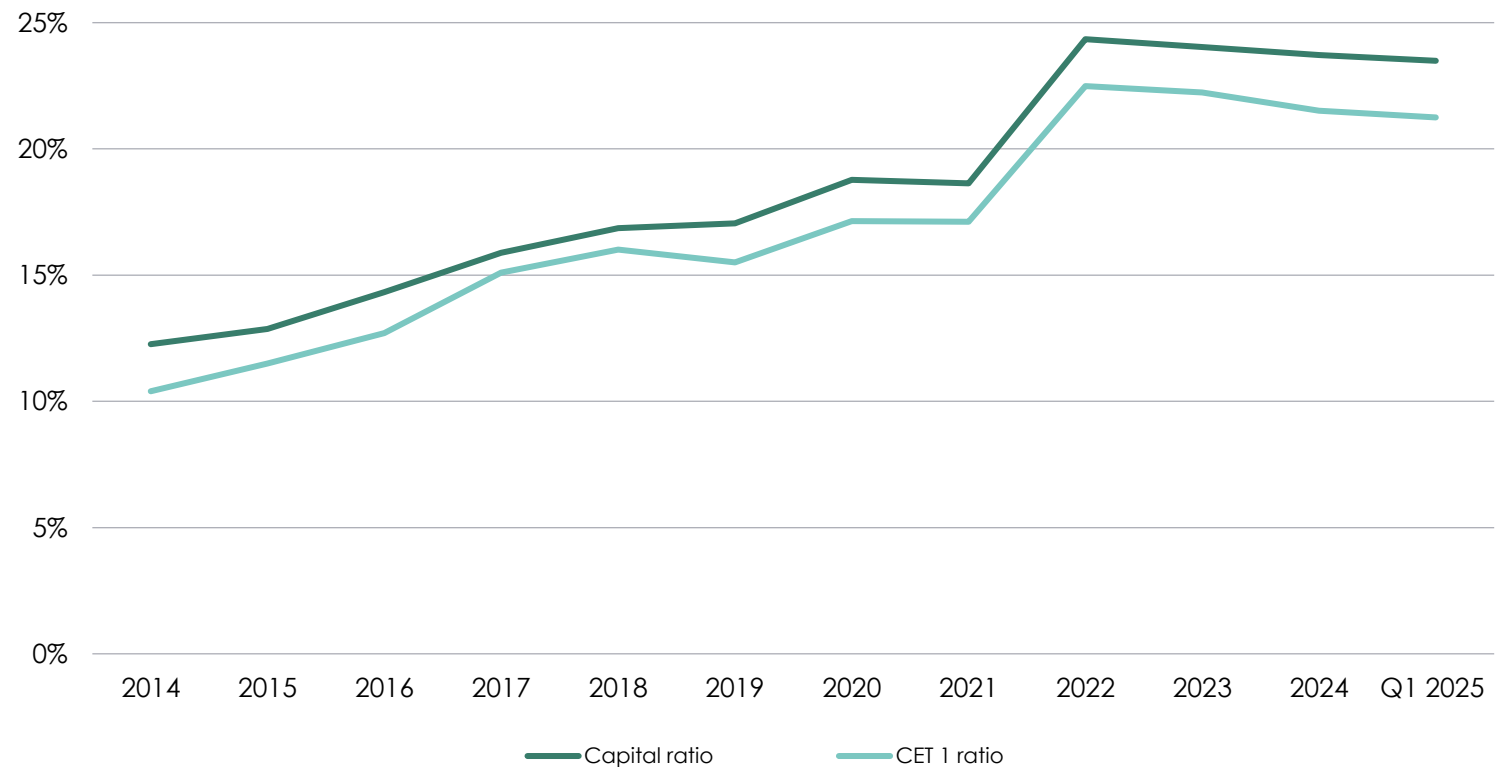
1) The result for Q1 2025 is not included in the capital base – including the result, the capital ratio amounts to 23.9%

2) The capital requirement as of the end of Q1 2025 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 0.01% has been added for the Faroe Islands and a systemic requirement of 1.5% for loans to real estate companies in Denmark

# Capital structure

- The capital ratio was 23.5% at the end of March 2025 – a marginal decrease of 0.2 percentage points since 2024 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

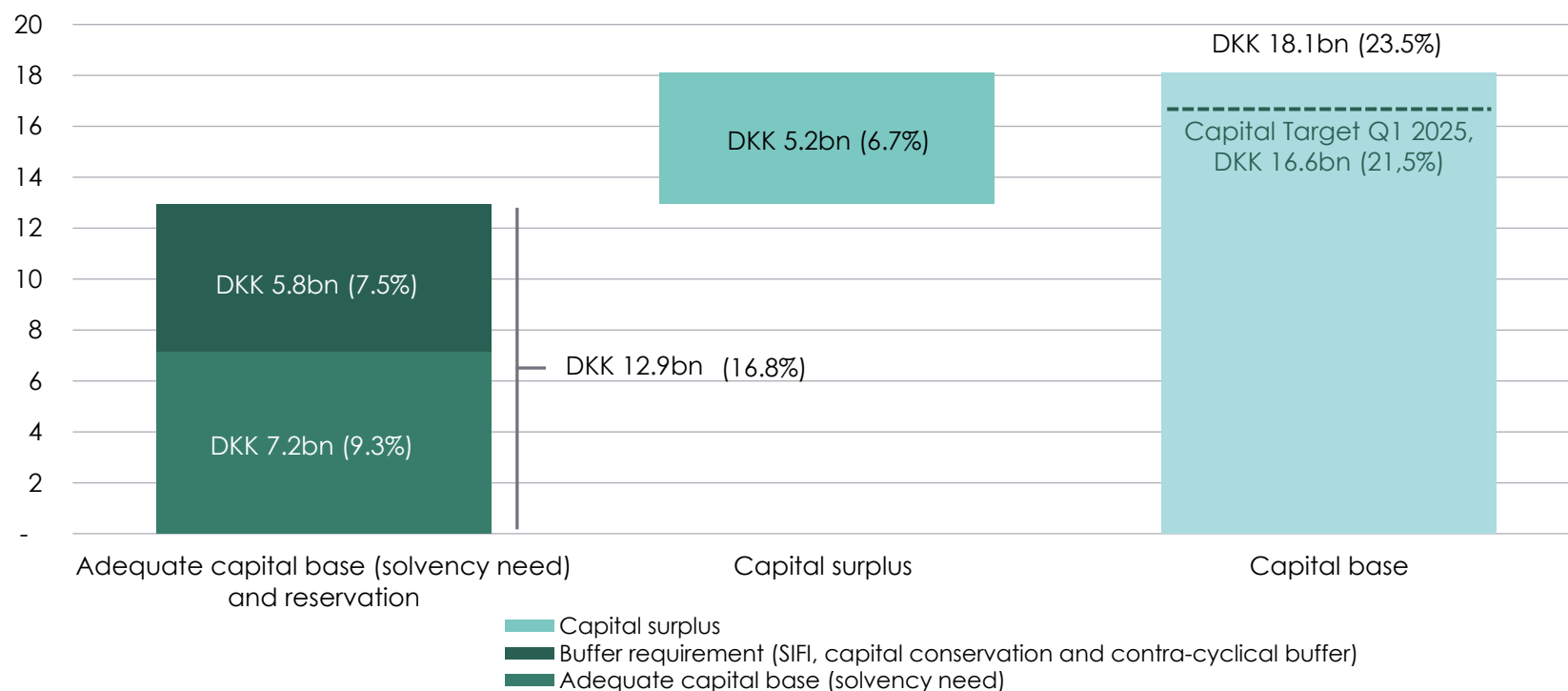
## DLR's capital ratios



# Capital requirement and capital ratio

- At the end Q1 2025, DLR's own fund were DKK 18.1bn, while the total capital requirement amounted to DKK 12.9bn (16.8%)
- Consequently, DLR had a capital surplus of DKK 5.2bn (6.7%)
- 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

DKKm	Q1		Q4		Q3		Q2	
	2025		2024		2024		2024	
	Standard	IRB	Standard	IRB	Standard	IRB	Standard	IRB
<b>Credit risk</b>	3,533	2,059	3,490	2,126	3,429	2,126	3,298	2,103
Supplements to 8% requirement	499		509		526		480	
<b>Market risk</b>	192		233		181		213	
Supplements to 8% requirement	494		497		480		484	
<b>Operational risk</b>	384		277		240		240	
Supplements to 8% requirement	0		0		0		0	
<b>Other circumstances</b>	0		0		0		0	
<b>Adequate capital base, total</b>	7,161		7,133		6,982		6,818	
<b>Total risk exposure STA/IRB</b>	77,097		76,581		74,703		73,166	
Of which from credit risk	44,168	25,737	43,630	26,580	42,864	26,581	41,221	26,282
<b>Individual solvency need, %</b>	9.29		9.31		9.35		9.32	
<b>Statutory adequate capital base</b>	7,161		7,133		6,982		6,818	
Supplements due to statutory requirements	0		0		0		0	
<b>Individual solvency need after supplements, %</b>	9.29		9.31		9.35		9.32	
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) <sup>1)</sup>	1.49		1.23		1.22		1.21	
Systemic buffer Faroe Island, %-points	0.01		0.02		0.02		0.02	
<b>Total statutory capital requirement, %-points</b>	16.78		16.56		16.59		16.54	

1) The systematic buffer requirement will tie up additional capital in DLR from 2025 due to CRR3

# Ownership structure

	31. March 2025		31. March 2024
	Share capital (DKKm)	Share of share capital (%)	Share of share capital (%)
<b>Local Banks</b>	<b>294</b>	<b>51.5%</b>	<b>50.6%</b>
<b>Nationwide Banks and Jyske Bank</b>	<b>98</b>	<b>17.2%</b>	<b>18.1%</b>
Nykredit Realkredit	69	12.2%	12.2%
PRAS	41	7.2%	7.2%
PRIPS2022 <sup>1)</sup>	21	3.6%	3.6%
DLR	46	8.1%	8.1%
Other Banks	1	0.2%	0.2%
<b>Total</b>	<b>570</b>	<b>100%</b>	<b>100%</b>

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
Business Position	Moderate	-1		GRE Support	0
Capital and Earnings	Very Strong	+2		Group Support	0
Risk Position	Moderate	-1		Sovereign Support	0
Funding	Adequate				
Liquidity	Adequate	0			
Comparable Ratings Analysis					
			Issuer Credit Rating <b>A- / Stable / A-2</b>		
			Resolution Counterparty Rating <b>A / -- / A-1</b>		

- On September 5<sup>th</sup> 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

Interim financial results Q1 2025

Lending and credit risk

Capital structure and rating

— **Funding**

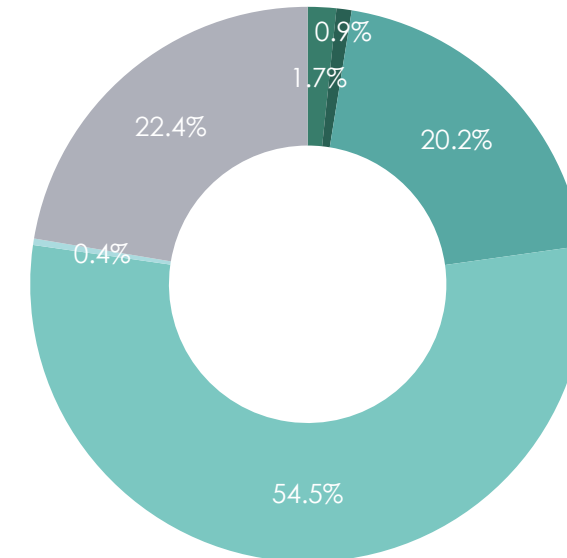
Sustainability

# A well-balanced funding structure

- DLR has a diversified funding structure both in terms of maturities and bond types
- DLR issued bonds were split by 54.5% ARM-Short-bonds, 22.4% fixed rate callable bonds with long maturities, 20.2% ARM-bonds (3-5Y) by end March 2025
- DLR has a well-diversified investor base

**DLR's outstanding bonds distributed by loan types they finance**

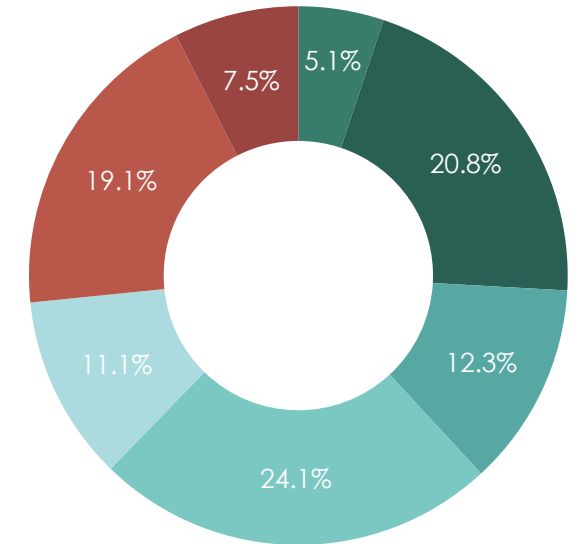
**April 2025**



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

**Owner-distribution of DLR issued bonds**

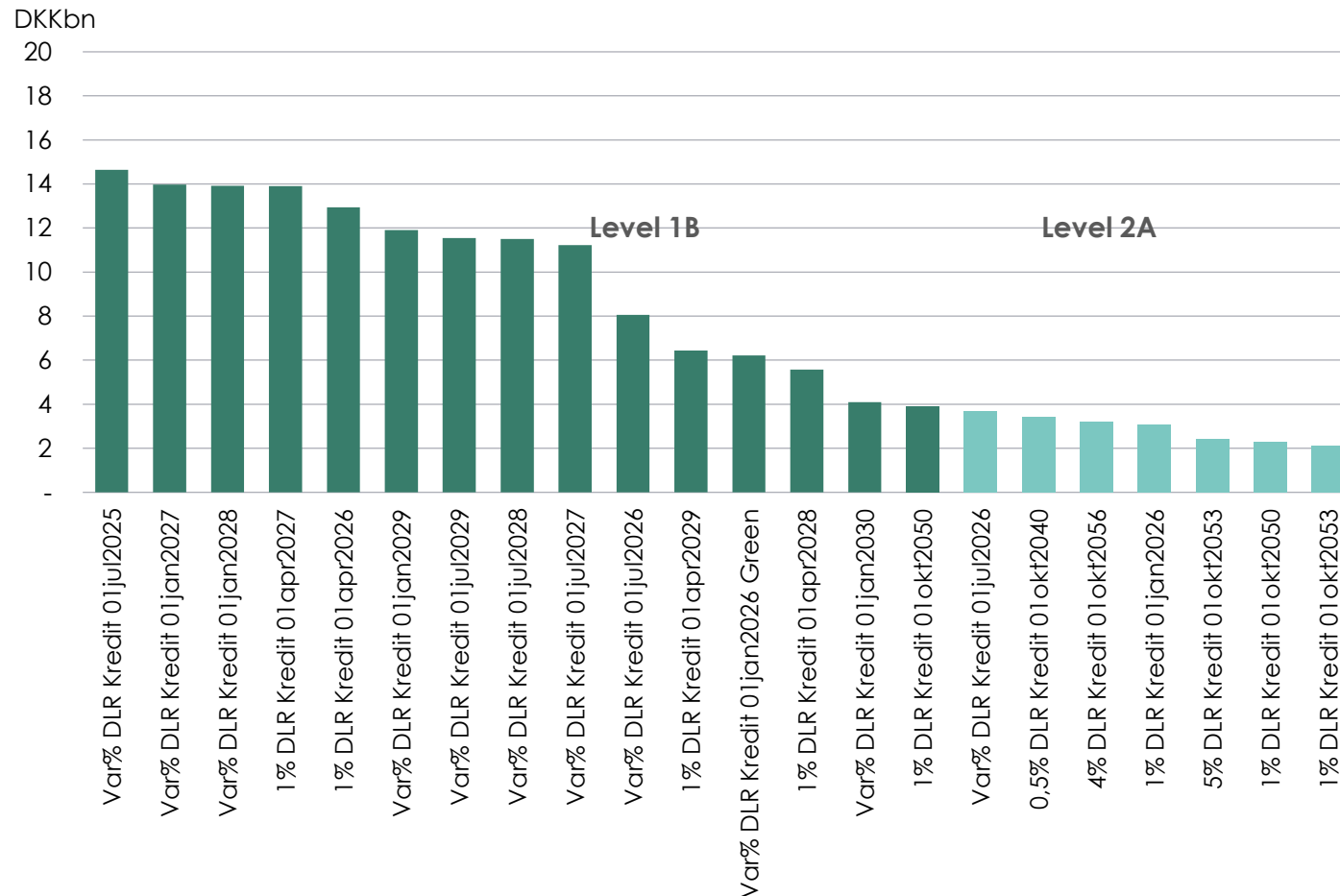
**February 2025**



■ 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 April 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 for fixed-rate mortgages has resulted in not all DLR's callable bonds be LCR-compliant
- In December 2024, DLR changed the funding of ARM short to a new CIBOR6M Jan2030, which has obtained LCR status
- The following bonds series open for issuance comply with the LCR bond size requirements:

ARM 4Y – 1% 01apr2029 (Level 1B)

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

ARM 3Y – 1% 01apr2028 (Level 1B)

ARM-Short – CIBOR6 01jan2030 (Level 1B)

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

ARM 1Y – 1% 01jan2026 (Level 2A)

ARM 5Y – 1% 01apr2030 (Level 2A)

# Refinancing

## - of bonds maturing in the coming 12 months

### DKK 38.7bn DLR covered bonds are up for refinancing within the next 12 months

- Refinancing of ARM-bonds amounts to DKK 17.8bn and refinancing of ARM-Short-bonds/Green ARM-Short-bonds amount to DKK 20.9bn
- 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)
01-07-2025	SDO	ARM-Short	DKK	5 y	14,646
01-01-2026	SDO	ARM	DKK & EUR	1-5 y	4,852
01-01-2026	SDO	Green ARM-Short	DKK	5 y	6,217
01-04-2026	SDO	ARM	DKK	3-5 y	12,942
Total					38,656

# Issued senior debt and capital

- DLR has issued DKK 5.7bn capital and debt instruments of which DKK 4bn is in SNP-format
- 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)	688	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%
<b>Total, senior debt and capital</b>	<b>5,738</b>					

# Agenda

Interim financial results Q1 2025

Lending and credit risk

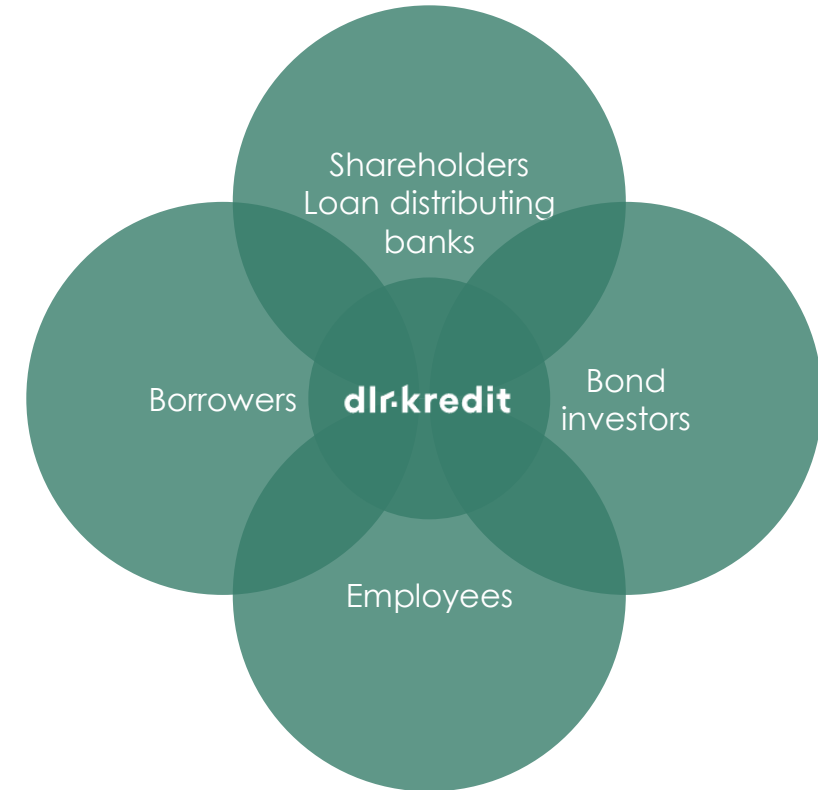
Capital structure and rating

Funding

— **Sustainability**

# DLR's approach to sustainability

- DLR's strategic work on sustainability is based on the interests of DLR's significant stakeholders
- DLR's strategic position in the field of sustainability is largely defined by the preferences and requirements of these stakeholders
- DLR considers, among other things, the various ESG policies of shareholder banks, borrowers' opportunities related to the green transition, and investors' desire to reduce the CO<sub>2</sub> emissions financed by DLR's bonds





# Sustainability targets and focus areas for 2025

Explore the possibility of expanding the criteria for green loans to include CO<sub>2</sub>e-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

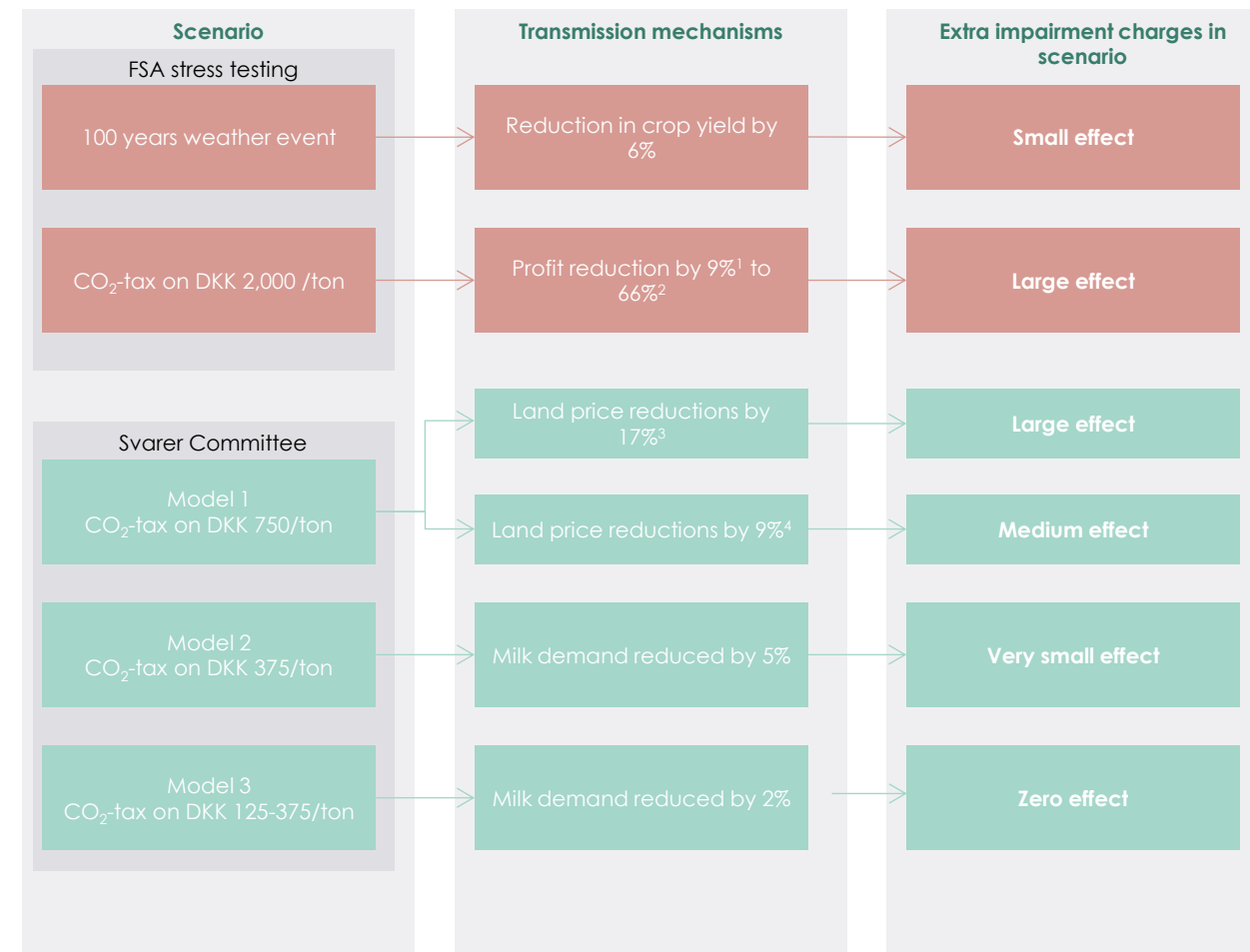
Host meetings with larger shareholder banks and joint meetings with smaller shareholder banks on ESG credit risks

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

# ESG Risks

## Three approaches to managing ESG risks at DLR:

- Portfolio approach
  - Adherence to the UN Principles for Responsible Banking and measurement of financed CO<sub>2</sub>e 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 CO<sub>2</sub>e 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



<sup>1</sup>Crop producers, <sup>2</sup>Dairy producers, <sup>3</sup>Without afforestation, <sup>4</sup>With afforestation

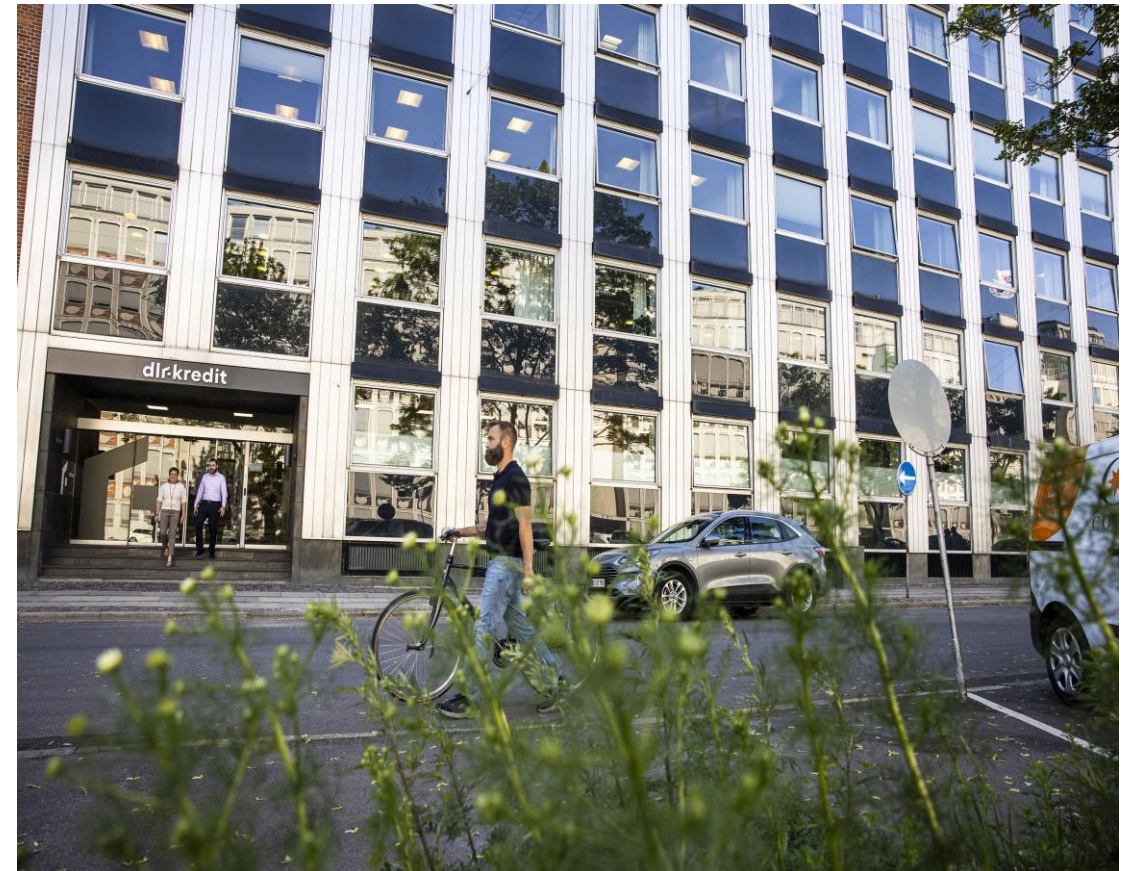
# ESG data

## 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 CO<sub>2</sub>e data on agriculture properties
  - Consumption and Emissions – Enhanced CO<sub>2</sub>e 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

## Aftale om Implementering af et Grønt Danmark

Aftale mellem regeringen (Socialdemokratiet,  
Venstre og Moderaterne),  
Socialistisk Folkeparti, Liberal Alliance, Det  
Konservative Folkeparti og Radikale Venstre

18. november 2024

### Key elements of the agreement

- Tax on agricultural biological greenhouse gas emissions from 2030
- Reductions in nitrogen emissions through land conversion and a new regulatory model
- Land fund of DKK 43bn for the withdrawal of carbon-rich peatlands, afforestation, and strategic land acquisitions
- Growth path focused on generational change and strong, sustainable food production

### DLR's considerations

- DLR assesses that the Danish farmers overall can manage the agreement in a way that aligns with the political objective of developing, rather than dismantling, the sector
- The agreement will reduce Denmark's total agricultural area by 15% over the next 20 years. This will lead to structural changes in the agricultural sector

# Contact IR



## Contact

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