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Green Bond Impact Report 2024

About this report

In DLR's Green Bond Framework published in June 2022 and updated in April 2024 DLR has committed to report on an annual basis the environmental impacts of the eligible green assets financed by the proceeds from green bonds issued under the Framework. DLR's Green Bond Framework has been prepared in accordance with the ICMA's Green Bond Principles, and ISS Corporate has provided a Second-Party Opinion (SPO) of the framework. ISS Corporate assesses that the framework fully complies with the principles in GBP, and that DLR's green asset eligibility criteria are largely aligned with the screening criteria in EU's taxonomy for sustainable activities.

This report provides an overview of the allocation of proceeds from the green bonds together with the environmental impact achieved through the properties financed with DLR's green mortgage loans.

DLR's Outstanding Green Bonds

Bond	CB6 GREEN
ISIN	DK0006357744
Issuer	DLR Kredit A/S
Rating	AAA
Notional amount at 31.12.2024	DKK 5,507m
Issue date	2022-08-31
Maturity date	2026-01-01
Listing	Nasdaq Nordic

DLR Key Impact Ultimo 2024



Organic land

17,423
ha.

29,090

tCO₂e

Annual GHG emissions
avoided

Outstanding green covered bonds
at ultimo 2024



5,507
DKKm

Certified forest

1,396
ha.

Growth in Green loans

185%

Since year-end 2022

Sustainability at DLR

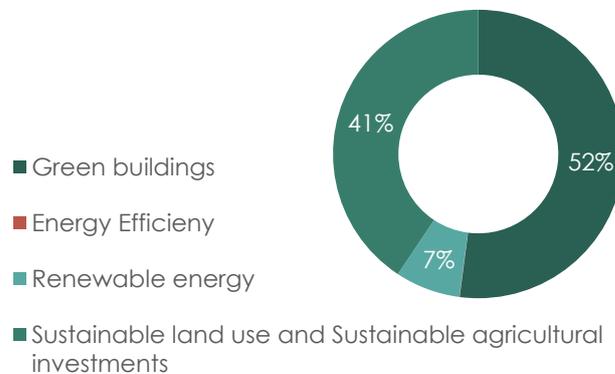
DLR is a major credit provider to borrowers in Denmark’s agricultural and commercial real estate sectors, in collaboration with its 42 local and nationwide owner banks. DLR holds a substantial market share of 39.3% in the agricultural mortgage market and an 11.3% share of mortgages in commercial properties. Consequently, DLR is financing a significant part of the sustainable transition of the domestic agricultural sector and commercial real estate sector. A detailed description of DLR’s sustainability strategy is available in DLR’s [Sustainability Report](#).

Sustainable financing

DLR’s green covered bond is a variable rate bond (floater) maturing in 2026. At the end of 2024, the notional outstanding was DKK 5.5bn. DLR taps the bond until shortly before maturity, at which point a new green bond will be opened to refinance the outstanding loans. 52% of the green covered bond proceeds are financing energy efficient buildings with either an A (46%) or B (6%) EPC-label. 41% of the green bond proceeds are financing certified organic farms, PEFC- or FSC-certified forests and specific approved green agricultural investments which are contributing to environmentally sustainable management of living natural resources and land use¹. The remaining proceeds are financing renewable energy sources (7%) and energy efficiency investments (0%), which contributes to ensuring access to sustainable and modern green energy.

DLR green loans by category 31 December 2024

Based on outstanding amount



The type of green mortgage loan offered by DLR is a 30-year variable-rate loan (ARM-Short-loan) with a 6-month interest rate fixing. Mortgage loans held by customers who meet the eligibility criteria for DLR’s green loans, but demands longer interest rate fixation, are funded by DLR’s conventional covered bonds. Hence, DLR finances a significant number of additional green properties fulfilling the eligibility criteria, e.g. A and B energy-rated properties but not included in this report.

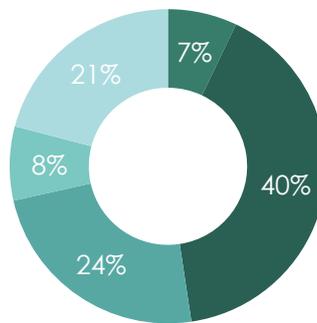
¹ [Research article: Does organic farming benefit biodiversity?](#)

In 2024, DLR had a net lending of DKK 813 million in DLR's green bonds. Of this, the increase related to green buildings amounted to DKK 421 million, and the increase in sustainable land use amounted to DKK 407 million. For renewable energy, the net lending under green loans was negative DKK 15 million.

At the end of December 2024, 40% of the outstanding green loans were funding properties in Central Jutland, 24% in Northern Jutland, 21% in Southern Jutland and Funen, 8% on Zealand and the remaining 7% in the Capital Region.

DLR green loans by geography 31 December 2024

Based on outstanding amount



■ Capital Region ■ Central Jutland ■ Northern Jutland ■ Zealand ■ Southern Jutland and Funen

DLR will continuously expand the criteria for green loans as reliable data becomes available, and the EU Taxonomy possibly is expanded to include more sustainable criteria, including agricultural criteria. During 2024, DLR updated the eligibility criteria for its green mortgages to include biogas and hydroelectric powerplants. Future changes outside the scope of the current framework will require a new updated Green Bond Framework and a renewed SPO.

The complete list of criteria for DLR's green loans is listed below.

DLR Green Loan Categories and Criteria

Green Buildings

- ✓ New buildings constructed after 2021 with energy label A2020
 - ✓ Energy-rated buildings constructed before 1 January 2021 with energy label A2020, A2015, A2010 or B
-

Renewable energy

- ✓ Wind turbines
 - ✓ Solar panels
 - ✓ The installation and operation of on-site electric heat pumps
 - ✓ ISCC EU-certified facilities producing biogas
 - ✓ Hydropower-based electricity generation (<1000MW)
-

Energy efficiency

- ✓ Renovation of existing buildings that reduces the primary energy demand by at least 30%
-

Farms with sustainability certification

- ✓ Farms certified for organic production with or without organic livestock production
-

Sustainable agricultural investments

- ✓ Construction of pig barns with slurry acidification, which reduces CO₂-emission by at least 30%
 - ✓ Construction of pig barns with frequent slurry discharge and delivery to biogas facilities, which reduces CO₂- emission by at least 30%
-

Forests with sustainability certification

- ✓ Forests certified by the Forest Stewardship Council (the FSC) or the program for the Endorsement of Forest Certification (the PEFC)
-

Sustainable Development Goals

DLR's work on sustainability is based on the UN's sustainable development goals. DLR has chosen to focus on the below five SDG's, which DLR's green financing are contributing to.

DLR's contribution



Zero Hunger

DLR's lending (including green loans) to agriculture contributes to the production of healthy food with a low climate impact compared with production in other countries².



Affordable and Clean Energy

DLR offers green financing for renewable energy sources. DLR contributes to ensuring access to sustainable and modern energy and to increasing the proportion of total energy consumption from renewable energy. In addition, DLR provides loans to properties with high energy efficiency (A and B energy-labelled properties).



Sustainable Cities and Communities

DLR offers green loans to energy improvements and energy-efficient buildings. Around 38% of DLR's loans to commercial properties with a valid energy label have either an A or B energy label.



Climate Action

DLR contributes to climate action by offering green loans to energy improvements, renewable energy sources and selected climate investments in pig farms and forests.



Life on Land

DLR offers green financing for organic farming, which contributes to supporting the sustainable use of ecosystems. DLR also offers green loans for certified forests and thereby contributes to the management of sustainable forests.

² [A Pathway to Carbon Neutral Agriculture in Denmark](#)

Evaluation and selection process

Projects financed and/or refinanced by green bond proceeds are evaluated and selected based on compliance with the eligibility criteria outlined in the Green Bond Framework.

The Framework is approved by DLR's Sustainability Committee. The Sustainability Committee consists of members from central business units with relevant stakes in DLR's Green Bonds, namely Credit, Treasury and Funding, Rating, IR & Sustainability, Accounting and Finance, Legal and Regulation, Compliance and DPO and relevant members of the executive board. Treasury and Funding handles the day-to-day operational management of the Framework.

The process for evaluation and selection of Eligible Green Assets is structured as follows:



As with all DLR's lending activities, all green loans in DLR follow the standard credit process which intends to ensure compliance with applicable national rules and regulations, Know-Your-Customer processes and DLR's own policies and guidelines, such as Credit, Counter-Terrorist Financing and Sanctions policies.

Furthermore, all loans for corporate clients at DLR undergo an ESG assessment as an integrated part of DLR's credit approval process. Climate-related risks, amongst others, are assessed. The ESG assessment criteria are continuously developed and reviewed.

Impact of DLR's Green Bonds

Key reporting principles

The Green Loan portfolio exclusively consists of green loans granted and funding properties in Denmark. Each loan is selected according to DLR's Green Bond Framework. The complete framework is available [online](#).

DLR reports on a portfolio basis in Danish Kroner (DKK).

The reported impact covers the part of the avoided emissions financed by DLR's green bonds.

The reported impact is based on outstanding amounts as of 31 December 2024.

Category	Green Bond amount, DKKm	Annual emissions avoided, tCO ₂ e	Installed capacity, GWh	Organic land & certified forests, ha
Green buildings	2,867	5,497		
Renewable energy ³	399	23,593	123.5	
Energy efficiency	2			
Sustainable land use ⁴	2,239			18,819
Total	5,507	29,090		18,819
Impact, tons CO₂e per DKKm		5.3		

Note: Installed capacity is based upon information provided by The Danish Energy Agency measuring actual production from financed windmills in 2024⁵ (103.5 GWh). Production data for the financed solar power project is not available. Therefore, the installed capacity reported by the Danish Energy Agency - 15 MW - is used as a basis. Applying a capacity factor of 17.6%⁶ results in an estimated annual production of 23.1 GWh. For a conservative estimate, this has been rounded down to 20 GWh.

³ Includes outstanding amounts to Wind turbines of DKKm 314, DKKm 81 to Solar Panels, DKKm 4 to Installation of heat pumps.

⁴ Slurry discharge is included as it's lent to farmers.

⁵[Energi styrelsen](#) (More information [Vestas](#))

⁶ [Capacity factor](#)

Methodology

This report includes all green activities that live up to the criteria stated in DLR's Green Bond Framework as of April 2024. We report on the estimated impact of the assets financed by our green covered bonds at an aggregate level per category. The impact measures are LTV-adjusted.

Calculation methods and relevant baselines are specified below. Calculations of the environmental impact are performed on a best-effort basis.

Baseline	
 Green buildings	<p>Avoided emissions for green buildings are calculated relative to a reference building which corresponds to a national EPC C label using Finance Denmark's CO₂-model⁷</p> <p>Baseline emission factor of electricity: 191g CO₂e/kWh⁸</p>
 Renewable energy	<p>Avoided emissions for Renewable energy are calculated based on the same approach as for green buildings. Using the Nordic Public sector issuers guidelines.</p> <p>Baseline emission factor of electricity: 191g CO₂e/kWh</p> <p>Another method is based on the IFI - Renewable Energy GHG Accounting Approach using IFI Harmonized Grid Emission factor data. The approach is not used in this case, as DLR wants to use the same approach in both calculations for better transparency.</p>

⁷ [Finance Denmark's CO₂-model](#)

⁸ [Nordic Public Sector Issuers: Green Bond Reporting Guidance 2024](#)



Case: Pig barns with slurry acidification system

7,644 pig spaces, slurry acidification system and renewable energy.

One of DLR's green loans has been granted to the pig farmer Martin Vestergård for the construction of two pig barns with a total capacity of 7,644 pig spaces, equipped with a built-in slurry acidification system.

Slurry acidification systems is one of the most effective measures for the agricultural sector to achieve the CO₂ reduction targets set for 2030.

On one of the roofs, solar panels have been installed, delivering a renewable energy supply to the farm. At DLR, we are proud to support the Danish agricultural sector in its green transition.

Martin Vestergård is in addition also employed by DLR as a valuation expert on agricultural property.



Case: Renewable energy

Eurowind Energy

Eurowind Energy has financed the Veddum Kær energy park project with a green loan from DLR Kredit.

The park is home to 9 x 4.2 MW wind turbines and 18 ha. Solar power, with a combined yearly production of 106,500 MWh, or roughly the energy usage of 21,300 households. The project is one of Denmark's largest hybrid energy parks.

At DLR Kredit, we are happy to be able to provide financing for projects like these, which contribute to the green transition.

Contact

For more information about DLRs Green Bonds, please contact:



Jakob Kongsgaard Olsson

Head of Rating, IR and Sustainability

+45 40 30 33 51

jko@dlr.dk

dlr·kredit

© DLR Kredit A/S

Nyropsgade 17 · 1780 København V

Tlf. +45 70 10 00 90

www.dlr.dk · dlr@dlr.dk

CVR-nr. 25781309