

## DLR Kredit A/S

**Primary Credit Analyst:**

Harm Semder, Frankfurt + 49 693 399 9158; harm.semder@spglobal.com

**Secondary Contact:**

Salla von Steinaecker, Frankfurt + 49 693 399 9164; salla.vonsteinaecker@spglobal.com

**Research Contributor:**

Alexander Maichel, Frankfurt +491724529304; alexander.maichel@spglobal.com

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# DLR Kredit A/S

## Ratings Score Snapshot

Global Scale Ratings
<b>Issuer Credit Rating</b>
A-/Stable/A-2
<b>Resolution Counterparty Rating</b>
A/--/A-1

<b>SACP: bbb+</b> 			<b>Support: +1</b> 		<b>Additional factors: 0</b>	
Anchor	bbb+		ALAC support	+1	<b>Issuer credit rating</b>	
Business position	Moderate	-1	GRE support	0		
Capital and earnings	Very strong	+2	Group support	0	<b>Resolution counterparty rating</b>	
Risk position	Moderate	-1	Sovereign support	0		
Funding	Adequate	0	<b>A-/Stable/A-2</b>			<b>A/A-1</b>
Liquidity	Adequate					
CRA adjustment		0				

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

## Credit Highlights

Overview	
Key strengths	Key risks
Well-established leading financing provider to Denmark's agricultural industry.	Concentration risk due to the narrow business model, which focuses on the Danish agricultural and real estate sectors.
Loan-level guarantees and portfolio-level commission-recovery agreements with owner banks reduce credit risk.	High volatility in the Danish agricultural industry, and generally difficult CRE markets cycle.
Robust capitalization and high buffer of additional loss-absorbing debt instruments.	

*We expect DLR to maintain capital as its main rating strength supported by stable earnings and a highly efficient business set up.* We think DLR Kredit A/S (DLR) will maintain its leading position as a financier for the Danish agricultural sector, and an adequate position in commercial real estate (CRE) markets. We forecast the bank will further improve its risk-adjusted capital (RAC) ratio to 17.5%-18.5% between 2023 and 2025, up from 17.1% at end-2022, a level we consider very strong. DLR's business and revenue stream stability, high operating efficiency, comparably low credit losses, and high earnings retention into capital will support capital improvements.

*We anticipate that DLR will maintain resilient asset quality despite the concentration in the Danish agricultural and real estate sectors.* We forecast that DLR will maintain sound asset quality with a comparably low cost of risk and non-performing loans despite its high concentration in the agricultural and CRE sectors in Denmark. DLR's asset quality will benefit from its sound risk management and underwriting policies, and its loss protection by a loss-mitigating agreement between DLR and its loan-distributing banks. We are mindful that the bank's lending portfolio is vulnerable to high fluctuations in both cyclical sectors and a more difficult market environment.

*We forecast that DLR will maintain sizable bail-inable debt instruments to support the long-term issuer credit rating.* We anticipate that DLR will maintain a very high amount of additional loss-absorbing capacity (ALAC), adding further protection for senior creditors. This will result in one notch of rating uplift above its 'bbb+' group stand-alone credit profile. We forecast that the bank will keep its ALAC buffer of 5.0%-5.5% of S&P Global Ratings' risk-weighted assets (RWAs) through 2025, compared with 5.5% in 2022.

## Outlook

The stable outlook reflects our expectation that the RAC ratio will remain comfortably above 15% over the next two years, thanks to solid retained earnings. We also anticipate that the Danish covered bond market will remain resilient and accessible for DLR. We forecast the bank's revenue generation to be highly concentrated on the Danish agriculture and real estate sectors. We think the loss-mitigation agreements with DLR's owner banks, alongside its robust capitalization, will offset concentration risks and support the overall risk profile of the bank.

### Downside scenario

We could take a negative rating action over the next two years if DLR's very strong capital position weakens. This could happen if the projected RAC ratio falls below 15% because of an unexpected substantial and protracted deterioration of the bank's profitability, higher loan losses due to material asset-quality deterioration, or higher capital distribution to the owner banks.

### Upside scenario

Although we consider the possibility of an upgrade as remote, we could take a positive rating action if the ALAC buffer increased sustainably above 7% and if we considered DLR able to sustain a higher rating level compared with its peers.

## Key Metrics

### DLR Kredit A/S--Key ratios and forecasts

	--Fiscal year ended Dec. 31--				
(%)	2021a	2022a	2023f	2024f	2025f
Growth in customer loans	5.0	-3.0	1.8-2.2	1.8-2.2	1.8-2.2
Cost to income ratio	25.1	27.3	25.1-26.4	26.5-27.8	27.7-29.1

**DLR Kredit A/S--Key ratios and forecasts (cont.)**

	<b>--Fiscal year ended Dec. 31--</b>				
<b>(%)</b>	<b>2021a</b>	<b>2022a</b>	<b>2023f</b>	<b>2024f</b>	<b>2025f</b>
Return on average common equity	6.1	4.7	4.5-5.0	4.2-4.7	4.0-4.4
Return on assets	0.5	0.4	0.4-0.5	0.4-0.4	0.4-0.4
Gross nonperforming assets/customer loans	1.0	0.6	0.7-0.8	0.6-0.7	0.6-0.7
Risk-adjusted capital ratio	15.4	17.1	16.7-17.4	17.1-17.8	17.5-18.2

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast.

## Anchor: 'bbb+', Given That DLR Bank Operates Only In Denmark

We use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for a commercial bank operating only in Denmark is 'bbb+', based on an economic risk score of '2' and an industry risk score of '4'. Our economic and industry risk trends for the Danish banking sector remain stable.

Our assessment of low economic risks for Denmark reflects our view that Danish banks benefit from operating in a high-income, open economy with mature political and institutional settings that promote fiscal discipline and growth-stimulating policies. We forecast real GDP growth in Denmark of 1.2% in 2023 and 1.2% in 2024, spurred on by the pharmaceutical sector--which offsets weaker performance and consumer sentiment in other sectors. We anticipate that the difficult operating environment will likely increase credit losses, but to manageable levels, mostly for nonmortgage credit exposure toward small and midsize enterprises.

We believe Danish banks' improved profitability supports their robust capitalization, while the covered bond market provides a stable funding source. Higher interest rates, cost-efficient, stable funding through covered bonds, and relatively low credit cost boosted Danish banks' profitability and facilitated further capital build-up from earnings retention and the funding of typically moderate shareholder dividends. We forecast that Danish banks' sound return on equity (ROE) will improve to 9.0% in 2025, from 7.9% in 2022. Compared with Nordic peers, ROE still lags since muted growth prospects, intense competition in retail mortgages and corporate lending, and higher investments in compliance and digitalization continue to weigh on Danish banks' earnings. Banks rely substantially on wholesale funding, but market depth and a stable domestic covered bond market operating under Denmark's balance principle bolster stability, as demonstrated by the Danish covered bond market's solid track record in times of stress.

We view the regulatory environment in Denmark as being well in line with that of EU countries overall. This balances a generally robust track record of macroprudential policies and conservative bank supervision with the national anti-money-laundering (AML) governance shortcomings highlighted in the Danske Bank Estonia case. Local banks and regulators have, however, progressed in strengthening the country's overall AML framework and we expect this will continue considering significant public attention and overall political consensus.

## Business Position: DLR Is A Major Funding Vehicle For The Danish Agricultural Sector

We anticipate that DLR will maintain its narrow business model, with lending to the Danish agricultural industry representing 51% of its loan portfolio and CRE exposures representing 49% as of the third quarter of 2023--sectors we consider to be volatile and cyclical by nature. We consider DLR's comparatively limited and concentrated client base, and revenue dependency into these volatile sectors as weaker compared with the more diversified and retail-oriented business models of its Nordic peers.

We expect that DLR will successfully defend its solid position as the leading funding vehicle for the Danish agricultural sector, cementing its market share of about 37% as of mid-2023. As of mid-2023, we forecast DLR's market share to be between 10%-15% until 2025 for the CRE sector; 10% for mortgage lending to residential rental and cooperative housing; and 11% for office and retail segments.

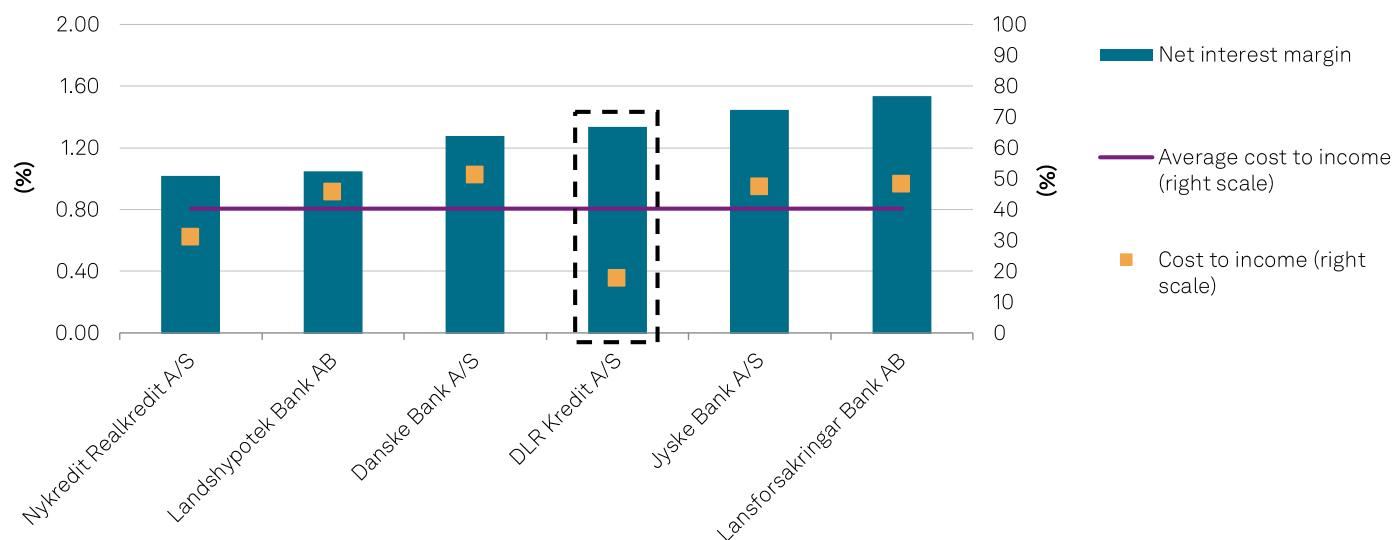
DLR soundly manages its distinct business model. The bank funds and manages mortgages distributed by its 46 owner banks and pays commission in return, while its owner banks provide first-loss guarantees on the referred assets. We consider the owners' support as critical to our assessment of the bank's business and risk position. We think DLR's effective cooperation with its shareholder banks will continue to underpin a stable market position. In our view, the owners' support contributes to the stability of revenues through a steady flow of loans; significantly reduces credit risk through extensive guarantee mechanisms; and allows for full profit retention.

DLR will continue to benefit from its outstanding cost efficiency, despite recurring high investment needs in compliance and IT solutions. The absence of its own costly branch network, and effective management of its cost structure translates into outstanding cost-to-income ratio of 17.8% as of third-quarter 2023 (27.3% as of end-2022) compared with a peer average of 40.3% (see chart 1).

Chart 1

**DLR has a very high cost efficiency compared with Nordic peers**

Sept. 30, 2023, cost to income and net interest margin



Note: Net interest income to average earning assets. Data as of Sept. 30, 2023. Source: S&P Global Ratings.

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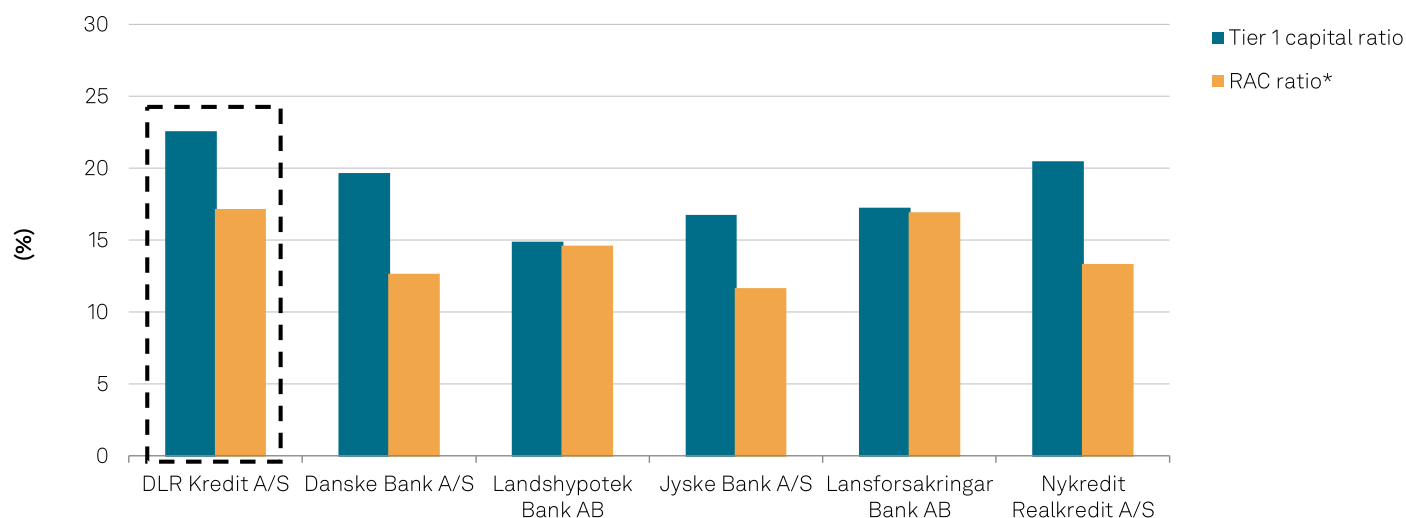
## Capital And Earnings: We Forecast Ongoing Very High Capitalization

We project DLR's capitalization will be a particular rating strength, as indicated by our projected RAC ratio in the range of 17.5%-18.5% between 2023 and 2025, after 17.1% at year-end 2022 (see chart 2). We expect ongoing solid internal capital generation capacity to be supported by a relatively resilient Danish economy including benefits from higher interest rates, ongoing profit retention, and loss-mitigating agreements with DLR's owner banks. Our base-case projection incorporates modest loan growth of about 2% per year throughout 2023-2025, as well as inflation-induced growth of non-interest expenses of approximately 5% in 2023, and 4% thereafter.

## Chart 2

**DLR's solid capital position in line with Nordic peers**

S&amp;P Global Ratings risk-adjusted capital versus tier 1 ratios



RAC--Risk-adjusted capital. Data as of Dec. 31, 2022. Source: S&amp;P Global Ratings.

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We anticipate that DLR's capital ratios will continue to exceed both its internal and regulatory targets. The bank reported a regulatory common equity Tier 1 capital ratio of 21.7% as of third-quarter 2023 (22.5% at end-2022), which was well above the regulatory requirement of 15.5%. DLR had a total capital ratio of 23.6% for the same period (24.3% at end-2022), compared with a regulatory requirement of 17.5%.

DLR's narrow business focus and reliance on interest income somewhat constrains the bank's earnings quality however. We project DLR's earnings buffer (S&P Global Ratings' metric that shows the capacity of earnings to absorb through-the-credit-cycle losses) to be in the range of 0.6%-0.7% for 2023-2025, which is below the projected peer average of 1.2% for 2023-2025.

## Risk Position: Loss Guarantees Somewhat Balance Concentration Risk In Vulnerable Sectors

Our risk position assessment is a slight negative rating factor, refining our view of DLR's risks beyond the capital and earnings assessment. This combines DLR's very high concentration in the vulnerable agricultural and CRE segments. DLR's RAC ratio after diversification of 11.6% as of end-2022 includes a 540-basis-point (bps) negative concentration charge. This is partly mitigated by DLR's asset quality continuing to benefit from its sound risk management, risk mitigation concept, and a robust Danish economy.

DLR's CRE financings stand for 49% of the total loan portfolio and include loans to residential rental housing (50%); CRE (40%); and owner-occupied dwellings, which include residential farms and other properties (10%). We think these



exposures are more vulnerable overall to structurally high fluctuations in the property markets, and are in line with our expectation for more difficult markets until 2025. We note the economic outlook for the major Danish agricultural production areas might be more challenging in the next two years.

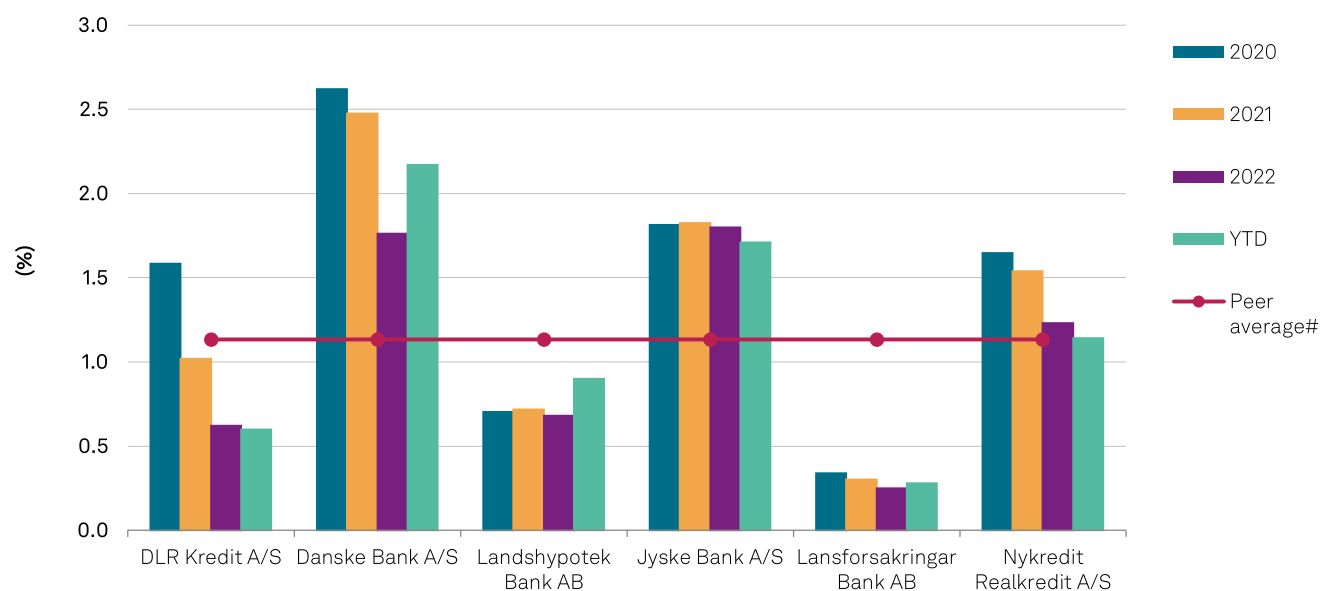
We see increasing economic risks as being markedly counterbalanced by DLR's loss-mitigating agreement, a "universal guarantee concept" between DLR and its loan-distributing banks that covers all loans offered by DLR since the start of 2015. Key elements of the agreement include: i) a direct guarantee on individual loans of 6% of the loan's outstanding debt for the entire term of the loan; ii) loss offsetting in owner-banks' commissions for up to 10 years; and iii) a portfolio guarantee based on the 6% guarantee provision on all individual loans distributed by the bank. As of end-2022, 98% of DLR's loan portfolio comprised loans under this agreement.

As a result, we forecast only mild risk cost increases to a manageable 2bps-3bps over 2023-2025, after a reversal of loan loss reserve of 1bps in 2022, which is low compared with Nordic peers. We project that the bank's gross nonperforming loans may increase to about 0.7%-0.9% between 2023-2025, up from 0.6% as of Sept. 30, 2023. This is slightly below Nordic peers' average (see chart 3).

**Chart 3**

### Nonperforming assets in line with Nordic peer average

Nonperforming assets\*



\*Adjusted NPAs to customer loans + other real estate owned (%). #Data as of Sept. 30, 2023. Source: S&P Global Ratings.

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## Funding And Liquidity: Benefits From Resilient Danish Covered Bonds Markets

DLR's funding and liquidity profile is a neutral rating factor. This will balance DLR's lack of stable retail deposits with its strong funding benefit from the stability of the Danish covered bond market and its unique features. In line with all Danish mortgage banks, DLR does not accept retail deposits and, consequently, 100% of DLR mortgage loans are funded by issuing covered bonds. Because of the balance principle for Danish mortgage lending, DLR's bond maturities match interest rate fixings, rather than loan maturities. DLR therefore relies on short-term funding and has a larger maturity mismatch between assets and liabilities compared with international peers.

We anticipate that the Danish covered bond market, a key investment target for Danish pension funds, will continue to perform well. This was highlighted during the COVID-19 pandemic in 2020 and more recently at the start of 2022 and 2023, when the covered bond markets remained open. The 2014 Danish covered bond legislation that extends bond maturities by 12 months in the event of a failed auction is a further supporting factor. This effectively passes refinancing risks to investors and repricing risks onto borrowers.

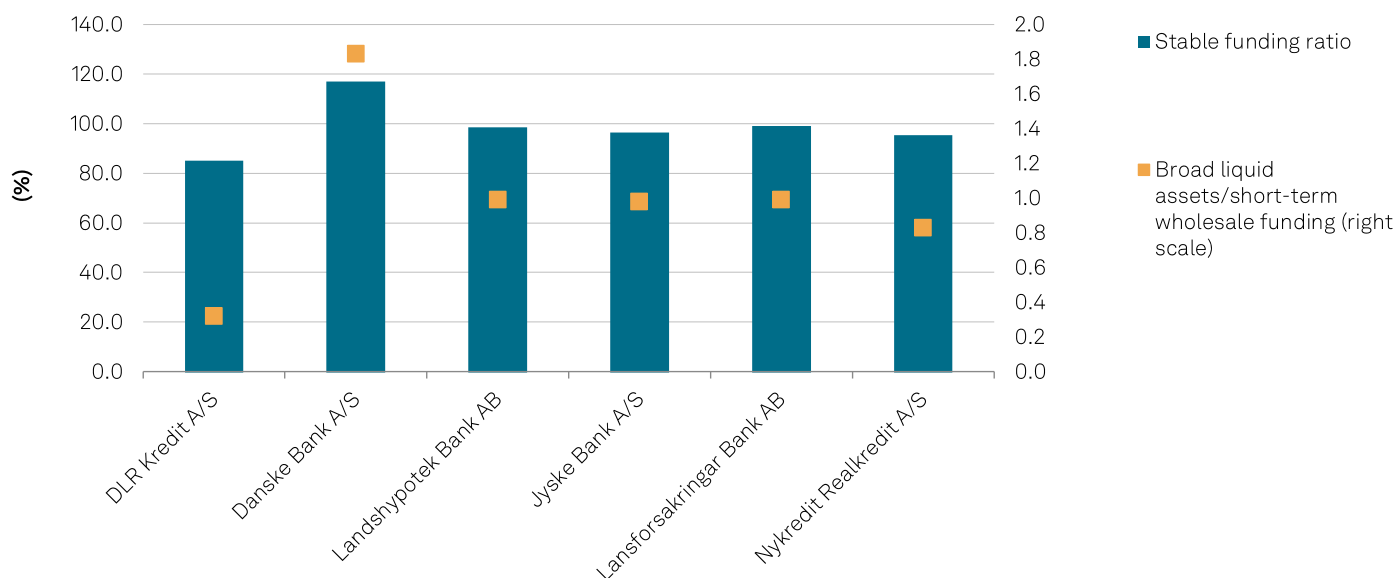
We expect that DLR's well-managed funding profile will show a stable funding ratio at comparatively lower levels. As of Sept. 30, 2023, it stood at 84.7%. Similarly, its regulatory net stable funding ratio amounted to 191% as of year-end 2022. We anticipate that DLR will maintain its sound liquidity management—including regular stress and backtesting—and its adequate liquidity position. Because of the short-term fixing of DLR's covered bonds, the bank had a low 0.32x ratio of broad liquid assets to short-term wholesale funding as of end-September 2023, while managing its liquidity comfortably above regulatory minimums, with a liquidity coverage ratio of 201% as of end-2022.

While we note that both funding and liquidity indicators remain weak in the broader Nordic context (see chart 4), we contrast them with the bank's domestic peers reflecting the supporting characteristics of the Danish covered bond market (see "Danish Covered Bond Market Insights 2023," published Nov. 30, 2023).

Chart 4

**DLR's higher use of covered bond funding leads to weaker ratios compared with Nordic peers**

Funding and liquidity profile, key metrics



Data as of September 30, 2023. Source: S&amp;P Global Ratings.

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**Support: One Notch Of ALAC Support**

We include one notch of support above DLR's 'bbb+' stand-alone credit profile because we expect the bank will continue to maintain a high ALAC buffer through 2025, protecting senior bondholders. We forecast DLR's ALAC ratio to be maintained at 5.0%-5.5% of RWAs between 2023-2025, adjusting its corresponding funding plan with planned issuances on par with muted customer loan growth.

We view Denmark's resolution regime as effective under our ALAC criteria. This is because we think it contains a well-defined bail-in process under which authorities would permit nonviable systemically important banks to continue critical functions as going concerns, following a bail-in of eligible liabilities.

**Environmental, Social, And Governance**

We consider environmental, social, and governance (ESG) for DLR to be broadly in line with industry and country peers.

DLR's governance is a neutral factor for its credit quality. The bank has a somewhat complex ownership structure, with

43 shareholder banks. We consider the nine-member board of directors as adequately representing the members of the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark, members of the National Banks in Denmark, and DLR employees.

In 2021, DLR published its corporate social responsibility (CSR) policy, which sets the framework for how the bank deals with social and environmental factors in its business activities, both internally and externally. The framework established a CSR committee, which oversees the strategic ESG-targets and how to embed these in all the business units within the bank.

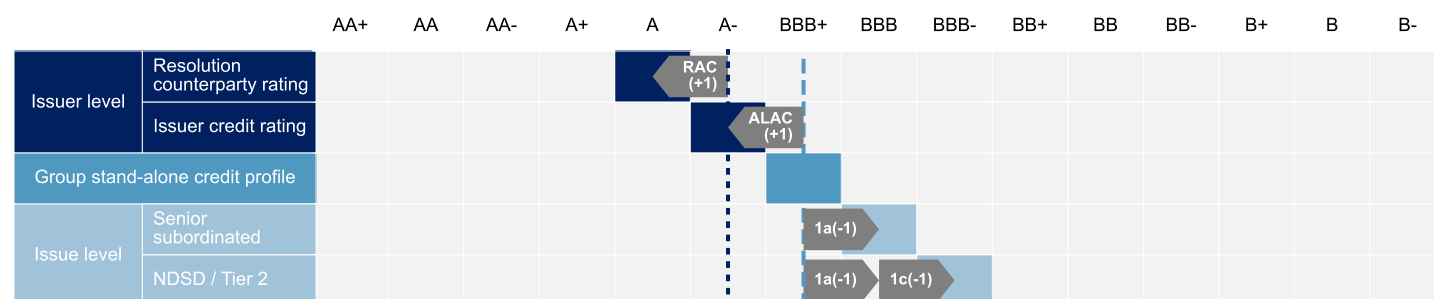
DLR offers green loans and mortgages to its customers, contributing to the green transition of the Danish agricultural and commercial property sectors. The criteria used for granting green mortgages is focused on four key areas: Buildings with the highest energy performance certificates; investments in energy improvements; the use of sustainable energy sources, such as windmills or solar cells; and sustainability-certified agriculture, such as an organic or similar certification.

DLR became a signatory to the UN Principles for Responsible Banking, published a 'Green Bond Framework', and issued its first green bond in 2022. Over the long term, the bank expects green loans and green bonds to account for a substantial proportion of new lending and loan issuance.

## Issue Ratings

We rate DLR's debt instruments according to their respective features.

### DLR Kredit A/S: Notching



#### Key to notching

- Group stand-alone credit profile
- Issuer credit rating
- RC Resolution counterparty liabilities (senior secured debt)
- ALAC Additional loss-absorbing capacity buffer
- 1a Contractual subordination
- 1c Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on March 2, 2022.

AT1--Additional Tier 1. NDSD--Non-deferrable subordinated debt. NVCC--nonviability contingent capital.

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## Resolution Counterparty Ratings

We assign resolution counterparty ratings (RCR) of 'A/A-1' to DLR, one notch above the long-term issuer credit rating. The RCRs relate to certain senior liabilities that we consider explicitly protected from default in an effective bail-in resolution process.

## Additional Rating Factors: None

No additional factors affect the ratings.

## Key Statistics

**Table 1**

DLR Kredit A/S--Key figures					
	--Year-ended Dec. 31--				
(Mil. DKK)	2023*	2022	2021	2020	2019
Adjusted assets	186,114.0	180,244.0	183,871.0	181,083.0	173,444.0
Customer loans (gross)	174,852.0	170,288.0	175,598.0	167,278.0	157,272.0
Adjusted common equity	16,654.0	15,716.0	14,996.0	14,108.0	13,249.0
Operating revenues	1,514.0	1,262.0	1,372.0	1,338.0	1,286.0
Noninterest expenses	269.0	344.0	344.0	315.0	287.0
Core earnings	937.0	720.0	888.0	749.0	846.0

\*Data as of Sept. 30, 2023. DKK--Danish krone.

**Table 2**

DLR Kredit A/S--Business position					
	--Year-ended Dec. 31--				
(%)	2023*	2022	2021	2020	2019
Total revenues from business line (currency in millions)	1,514.0	1,262.0	1,372.0	1,338.0	1,286.0
Commercial & retail banking/total revenues from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity	7.7	4.7	6.1	5.4	6.4

\*Data as of Sept. 30, 2023.

**Table 3**

DLR Kredit A/S--Capital and earnings					
	--Year-ended Dec. 31--				
(%)	2023*	2022	2021	2020	2019
Tier 1 capital ratio	21.7	22.5	17.1	17.1	15.5
S&P Global Ratings' RAC ratio before diversification	N/A	17.1	15.4	15.2	14.8
S&P Global Ratings' RAC ratio after diversification	N/A	11.6	10.4	10.3	10.1
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	119.6	161.6	140.7	140.1	140.3

Table 3

DLR Kredit A/S--Capital and earnings (cont.)					
	--Year-ended Dec. 31--				
(%)	2023*	2022	2021	2020	2019
Cost to income ratio	17.8	27.3	25.1	23.5	22.3
Preprovision operating income/average assets	0.9	0.5	0.6	0.6	0.6
Core earnings/average managed assets	0.7	0.4	0.5	0.4	0.5

\*Data as of Sept. 30, 2023. RAC--Risk-adjusted capital. N/A--Not applicable.

Table 4

DLR Kredit A/S--Risk-adjusted capital framework data					
(Mil. DKK)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
<b>Credit risk</b>					
Government and central banks	1,717.8	0.0	0.0	7.0	0.4
Of which regional governments and local authorities	63.7	0.0	0.0	2.3	3.6
Institutions and CCPs	19,672.4	3,412.2	17.3	4,584.8	23.3
Corporate	97,565.1	69,794.1	71.5	64,346.5	66.0
Retail	65,982.9	19,911.6	30.2	15,301.4	23.2
Of which mortgage	65,982.9	19,911.6	30.2	15,301.4	23.2
Securitization	0.0	0.0	0.0	0.0	0.0
Other assets	1,082.8	1,079.4	99.7	1,071.2	98.9
Total credit risk	186,021.0	94,197.3	50.6	85,310.9	45.9
<b>Credit valuation adjustment</b>					
Total credit valuation adjustment	--	0.0	--	0.0	--
<b>Market risk</b>					
Equity in the banking book	44.5	44.5	100.0	395.0	875.0
Trading book market risk	--	2,500.0	--	3,751.0	--
Total market risk	--	2,546.0	--	4,145.0	--
<b>Operational risk</b>					
Total operational risk	--	2,482.0	--	2,572.5	--
	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings RWA	% of S&P Global Ratings RWA
<b>Diversification adjustments</b>					
RWA before diversification	--	99,225.0	--	99,029.0	100.0
Total diversification/concentration adjustments	--	--	--	43,963.0	48.0
RWA after diversification	--	99,225.0	--	135,991.0	148.0

Table 4

## DLR Kredit A/S--Risk-adjusted capital framework data (cont.)

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
<b>Capital ratio</b>				
Capital ratio before adjustments	15,706.0	15.8	15,716.0	17.1
Capital ratio after adjustments (5)	15,706.0	22.5	15,716.0	11.6

\*Exposure at default. Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. Adjustments to Tier 1 ratio are additional regulatory requirements (e.g., transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. CCP--Central counterparty. RAC--Risk-adjusted capital. DKK- Danish Krone . Sources: Company data as of Dec. 31, 2022, S&P Global Ratings.

Table 5

## DLR Kredit A/S--Risk position

	--Year-ended Dec. 31--				
(%)	2023*	2022	2021	2020	2019
Growth in customer loans	3.6	(3.0)	5.0	6.4	5.4
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	47.8	48.0	46.9	47.5
Total managed assets/adjusted common equity (x)	11.2	11.5	12.3	12.8	13.1
Gross nonperforming assets/customer loans + other real estate owned	0.6	0.6	1.0	1.6	2.2
Loan loss reserves/gross nonperforming assets	35.1	35.0	21.5	18.5	12.7

\*Data as of Sept. 30, 2023. RWA--Risk-weighted assets. N/A--Not applicable.

Table 6

## DLR Kredit A/S--Funding and liquidity

	--Year-ended Dec. 31--				
(%)	2023*	2022	2021	2020	2019
Long-term funding ratio	81.0	80.9	81.1	82.8	81.4
Stable funding ratio	84.7	84.6	84.0	88.8	88.7
Short-term wholesale funding/funding base	20.9	20.9	20.6	18.6	20.2
Broad liquid assets/short-term wholesale funding (x)	0.3	0.3	0.2	0.4	0.5
Short-term wholesale funding/total wholesale funding	20.9	20.9	20.6	18.6	20.2
Narrow liquid assets/three-month wholesale funding (x)	3.2	2.9	2.2	2.6	2.4

\*Data as of Sept. 30, 2023.

## DLR Kredit A/S--Rating component scores

Issuer Credit Rating	A-/Stable/A-2
SACP	bbb+
Anchor	bbb+
Economic risk	2
Industry risk	4
Business position	Moderate
Capital and earnings	Very strong
Risk position	Moderate
Funding	Adequate

**DLR Kredit A/S--Rating component scores (cont.)**

<b>Issuer Credit Rating</b>	<b>A-/Stable/A-2</b>
Liquidity	Adequate
Comparable ratings analysis	0
Support	+1
ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

**Related Criteria**

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

**Related Research**

- Banking Industry Country Risk Assessment: Denmark, Dec. 7 2023
- Danish Covered Bond Market Insights 2023, Nov. 30, 2023
- Banking Industry Country Risk Assessment Update: November 2023 , Nov. 29, 2023
- Leading Nordic Banks Enjoy Record Profits Amid Higher Interest Rates, Nov. 1, 2023
- Nordic Banks: Resilient To Economic Weakening, Oct. 18, 2023
- Research Update: Denmark 'AAA/A-1+' Ratings Affirmed; Outlook Stable, Aug. 11, 2023
- Research Update: DLR Kredit A/S 'A-/A-2' Ratings Affirmed As Continued Buildup Of Capital Balances Concentration Risks; Outlook Stable, Oct. 7, 2022

**Ratings Detail (As Of January 19, 2024)\***

<b>DLR Kredit A/S</b>	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1



**Ratings Detail (As Of January 19, 2024)\*(cont.)**

Senior Secured	A+/Stable
Senior Secured	AAA/Stable
Senior Subordinated	BBB
Subordinated	BBB-
<b>Issuer Credit Ratings History</b>	
23-Oct-2019	A-/Stable/A-2
13-Jul-2018	A-/Positive/A-2
19-May-2017	A-/Stable/A-2
<b>Sovereign Rating</b>	
Denmark	AAA/Stable/A-1+

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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