



**Interim Report
Q1 2017**

Approved and published 27 April 2017

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Key figures

Profit and Loss Account	Year to date			Comparison with other quarters			
	Q1 2017	Q1 2016	Ratio 17/16	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Administration fee income	374	362	103	369	367	364	362
Other core income, net	19	17	113	27	21	19	17
Interest expenses, senior debt	-11	-10	116	-13	-13	-15	-10
Fee and commission income, net	-74	-74	99	-47	-80	-81	-74
Core income (mortgage credit income)	308	295	105	337	295	287	295
Staff costs and administrative expenses, etc.	-61	-58	105	-62	-57	-56	-58
Other operating expenses	-3	-3	100	-4	-4	-4	-3
Provision for loan and receivable impairment, etc.	17	-27	-61	-2	-25	-44	-27
Results from core activities	261	206	127	269	208	183	206
Portfolio earnings (securities)	42	43	98	-14	32	75	43
Profit before tax	303	249	122	266	256	267	249
Profit after tax	236	194	122	200	200	209	194

Balance Sheet at 31 March	Q1	Q1	Ratio 17/16	Q4	Q3	Q2	Q1
	2017	2016		2016	2016	2016	2016
Assets							
Loans and advances	140.060	134.237	104	139.053	137.875	136.891	134.237
Bonds and shares	11.471	11.623	99	13.683	14.970	12.673	11.623
Other assets	3.361	2.413	139	3.002	3.964	1.167	2.413
Total assets	154.892	148.274	104	155.737	156.809	150.731	148.274
Liabilities and equity							
Issued bonds	140.928	134.797	105	142.074	143.032	137.203	134.797
Other debt and payables	1.458	1.342	109	1.404	1.706	1.206	1.342
Equity	12.506	12.135	103	12.259	12.072	12.322	12.135
Total liabilities and equity	154.892	148.274	104	155.737	156.809	150.731	148.274

Financial ratios*	Q1	Q1	Q4	Q3	Q2	Q1
	2017	2016	2016	2016	2016	2016
Return on equity (ROE)						
Profit before tax in pc of equity	2,4%	2,0%	2,1%	2,1%	2,2%	2,0%
Profit after tax in pc of equity	1,9%	1,6%	1,6%	1,6%	1,7%	1,6%
Return on hybrid core capital	2,1%	2,1%	2,1%	2,1%	2,1%	2,1%
Return on equity excl. hybrid core capital	1,9%	1,6%	2,2%	1,2%	1,5%	1,6%
Solvency						
Capital ratio ***	14,7%	14,8%	14,3%	14,1%	14,5%	14,8%
Lending Activity						
Growth in loan portfolio, pc (nominel)	0,5	0,5	1,2	0,7	1,4	0,5
New loans, gross (DKKm)	5.904	3.914	8.812	5.513	4.879	3.914
Number of new loans	1.989	1.353	2.775	1.838	1.387	1.353
Loan/equity ratio	11,2	11,1	11,3	11,4	11,1	11,1

*) The financial ratios have been calculated on the basis of the definitions by the Danish Financial Supervisory Authority.

Q1 2017 highlights

- DLR's core income amounted to DKK 308m in Q1 2017, an increase of DKK 13m on the same period in 2016.
- Portfolio earnings provided an income of DKK 42m, which is on a par with the same period in 2016.
- DLR's pre-tax profit was DKK 303m, which is 22 pc up on Q1 2016.
- After paying tax and the holders of hybrid core capital (Tier 1), DKK 216m has been added to DLR's equity capital.
- DLR's net lending on agricultural and urban trade property amounted to DKK 0.5bn in Q1.

Management statement

Chief Executive Officer Jens Kr. A. Møller states in connection with the release of the interim report for Q1 2017:

“DLR's pre-tax profit for Q1 of DKK 303m is satisfactory and slightly better than expected. The positive trend in lending activity that DLR experienced in 2016 has continued into 2017. Thus gross lending in Q1 of this year was DKK 5.9bn compared to DKK 3.9bn in Q1 2016. Moreover, DLR's loan portfolio increased by around DKK 0.5bn.

Declining yields and subsequently rising bond prices had a positive impact on portfolio return. Going forward, however, low yields will mean reduced interest on DLR's securities portfolio, which amounts to just over DKK 20bn.

The agricultural sector has experienced a number of very difficult years, but given the recent trend in settlement prices for both dairy and pork products, earnings are expected to improve substantially in 2017, which is the main reason for the positive development in DLR's loss and impairment figures for Q1 2017.”

Comments on the Q1 2017 result

Income statement

DLR achieved a satisfactory pre-tax profit for the period of DKK 303m, which is DKK 54m up on the same period in 2016.

Net profit for the period was DKK 236m.

DLR's earnings primarily stem from:

- Core earnings: Earnings from mortgage credit activity in the form of administration margins, fees and commissions, etc. less associated administration costs, losses and impairments.
- Portfolio earnings: Return on securities portfolio.

Table 1. Income statement, DKKm.

Profit and Loss Account*	Q1 2017	Q1 2016
Administration fee income	374	362
Other core income, net	19	17
Interest expenses, senior debt	-11	-10
Fee and commission income, net	-74	-74
Core income (mortgage credit income)	308	295
Staff costs and administrative expenses, etc.	-61	-58
Other operating expenses	-3	-3
Provision for loan and receivable impairment, etc.	17	-27
Results from core activities	261	206
Portfolio earnings (securities)	42	43
Profit before tax	303	249
Profit after tax	236	194

Core earnings

Administration margin income amounted to DKK 374m, which is DKK 12m up on the same period in 2016. The increase is essentially due to the loan portfolio expanding.

Interest expenses on senior debt amounted to DKK 11m, which is similar to the same period in 2016.

Interest expenses

The figure for interest expenses conceals a rising volume of issued senior debt relative to the previous year. However, this was offset by the average interest rate in 2017 being lower than for the same period in 2016.

Fees and commissions (net) include, on the one hand, fee and brokerage income connected with the disbursement and repayment of mortgage loans plus spread income stemming from loan refinancing and disbursing and, on the other hand, commission expenses to the banks that intermediate DLR's loans. These expenses include both intermediation commissions and commissions for the provision of loss guarantees, etc.

Fees and commissions (net) amounted to an expense of DKK 74m, which is approximately the same as for Q1 2016.

Core income was subsequently DKK 308m, an increase of DKK 13m on the same period in 2016. The increase equates to a rise of 5 pc.

Staff and administration, etc. expenses amounted to DKK 61m, an increase of DKK 3m, or 5 pc, relative to the same period in 2016.

Other operating expenses concern a contribution to the Resolution Fund.

Losses and impairments on loans and receivables, including adjustments from previous years, amounted to an income of DKK 17m, calculated as follows:

- Realised loss DKK -10m.
- Net change in impairments DKK + 9m.

- Losses offset in commission payments from the banks DKK +18m. The amount includes netting connected with losses realised in previous years.

Portfolio earnings

Portfolio earnings amounted to an income of DKK 42m, which matches the income earned for the same period in 2016. Relatively high portfolio earnings were due to yields falling further in 2017 and bond prices subsequently rising.

DLR's investment portfolio (securities excl. temporary surplus liquidity) amounted to DKK 21.3bn at the end of Q1 2017.

Allocation of comprehensive income for the period

The period's comprehensive income amounted to DKK 236m. Of this, DKK 27m was paid to the owners of hybrid core capital. As this expense is tax deductible, DLR's net expense was DKK 21m. Overall, this means DKK 216m has been added to DLR's equity capital.

Balance sheet

Mortgage credit lending amounted to DKK 138.1bn (nom.) at the end of Q1 2017.

The bond portfolio stood at DKK 32.5bn. Of this, DLR's own bonds accounted for DKK 21.1bn, which is netted in "Issued bonds at fair value", while DKK 11.4bn was attributable to positions in government securities and other mortgage bonds.

As well as bond holdings of DKK 32.5bn, DLR held other securities for DKK 3.0bn; hence, the total securities holding amounted to DKK 35.5bn (gross) at the end of the quarter.

Temporary liquidity connected with mortgage payments, loan redemptions and refinancing auctions comprised DKK 14.2bn of the securities holding, so the investment holding was therefore DKK 21.3bn.

DLR's balance sheet stood at DKK 154.9bn at the end of Q1 2017.

Capital and solvency

Table 2. DLR's capital and solvency

DKKm		
	31 March 2017	31 December 2016
Capital and solvency		
Equity	12,506	12,259
Profit not recognised in equity	-216	0
Hybrid core capital recognised in equity	-1,300	-1,300
Deductions as a consequence of prudent valuation	-23	-22
Difference between expected loss and write downs	-668	-676
Deferred tax	-1	-1
Actual core capital	10,298	10,260
Hybrid core capital	1,300	1,300
Capital base	11,598	11,560
Risk-weighted exposure with credit risk, etc.	73,691	75,327
Risk-weighted exposure with market risk	3,006	2,892
Risk-weighted exposure with operational risk	2,456	2,456
Total risk-weighted exposure	79,153	80,674
Actual core capital ratio	13.0%	12.7%
Capital ratio	14.7%	14.3%

Capital base:

DLR's capital base (total capital) at the end of Q1 2017 does not include the result for the quarter, as the accounts have not been audited.

DLR's total capital increased by DKK38m in Q1 2017, with the main contributor to the rise being the sale of treasury shares for DKK 31m.

Risk-weighted exposure amount:

DLR's risk-weighted exposure amount declined from DKK 80.7bn to DKK 79.2bn in Q1 2017.

Capital ratios:

DLR's total capital ratio was 14.7 at the end of Q1 2017 compared to 14.3 at year-end 2016. The common equity tier 1 capital ratio was 13.0 compared to 12.7 at year-end 2016.

Including the result for the period would produce a total capital ratio of 14.9 and a common equity tier 1 capital ratio of 13.3.

Risk

DLR's credit and market risk is estimated as limited due to both the statutory requirements and DLR's internal credit policy guidelines. Additionally, DLR has established loan loss schemes, including a guarantee provision that has been set up to cover DLR's various lending areas in accordance with agreements made with DLR's partner/shareholder banks.

For further details on credit and market risk, please refer to DLR's Risk and Capital Management Report 2016, available at <http://www.dlr.dk/risk-reports>.

Arrears and losses

As of the end of Q1 2017, mortgage payments outstanding amounted to DKK 126m versus DKK124m at year-end 2016. Of the amount in arrears, the bulk stems from mortgage payments that are less than 3½ months overdue.

DLR recorded a loss on 33 cases in Q1 2017 compared to 31 during the same period in 2016.

DLR's had 20 foreclosed mortgages in its portfolio at the end of Q1 2017. The value of these properties amounted to DKK 112m at the end of Q1 compared to DKK 159m at year-end 2016.

Full-year outlook for 2017

DLR's Annual Report 2016 indicated expected core earnings for 2017 as a whole of DKK 800-900m. After Q1, we now expect core earnings for full-year 2017 to be at the upper end of this range.

The main uncertainty for full-year core earnings is the operational impact of losses and impairments for the remainder of 2017. Furthermore, the year's pre-tax profit is subject to interest rate uncertainty and its potential impact on DLR's portfolio earnings during the rest of the year.

Accounting policies

DLR's interim report has been prepared in accordance with the accounting provisions for mortgage banks laid down by the Danish Financial Supervisory Authority as well as the requirements provided by NASDAQ Copenhagen for the financial statements of issuers of listed bonds.

Accounting policies were changed in the Q1 financial statement with respect to the classification of the following items:

- Fees paid to agricultural property valuation experts: Previously this cost in the expenses note was classified as "Other administrative expenses". From 2017 it will be classified under "Staff costs".
- Losses offset in commission payments to shareholder banks were previously included in the accounting item "Fees and commissions paid". From 2017 income will be posted under "Impairment of loans and receivables, etc."

These reclassifications have no effect on DLR's pre-tax profit, comprehensive income or equity.

Comparative figures for the relevant items have also been adjusted.

This financial statement has not been subject to audit or review.

Events occurring after the reporting date for Q1

DLR agreed to sell treasury shares at a market value of DKK 603m after the reporting date for Q1. The shares were sold to a number of existing shareholders.

Further information

For further information on DLR please refer to <http://www.dlr.dk/welcome-investorpage>, where the Annual Report 2016 and DLR's Risk and Capital Management Report, etc. can be downloaded.

You will also find further information here on DLR's cover pools and ratings.

Contacts

Please direct any enquiries concerning this financial statement to:
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Managing Director Michael Jensen, tel. 33 42 07 06

Profit and Loss Account and Statement of Comprehensive Income DKKm

Note	Profit and loss account	Q1 2017	Q1 2016
1	Interest income	823	837
2	Interest expenses	(407)	(417)
	Net interest income	416	420
	Dividends from shares etc.	-	-
	Fee and commission income	49	33
	Fee and commission paid	(122)	(107)
	Net interest and fee income	342	346
3	Value adjustments	3	(12)
	Other operating income	4	4
4	Staff costs and administrative expenses	(60)	(57)
	Depreciation and impairment losses	(1)	(1)
	Other operating expenses	(3)	(3)
5	Provisions for loan and receivable impairment, etc.	17	(27)
	Profit before tax	303	249
	Tax	(67)	(55)
	Profit	236	194

Note	Statement of Comprehensive Income	Q1 2017	Q1 2016
	Profit	236	194
	Total comprehensive income	236	194
	Attributable to:		
	Shareholders of DLR Kredit A/S*	210	167
	Owners of hybrid core capital	27	27
	Total comprehensive income	236	194

* As a consequence of tax deductions for payments to holders of additional tier 1 capital, the consolidation was increased beyond the amount stated, i.e. by an additional DKK 6m in 2017 (22% of DKK 27m). For 2016, consolidation was similarly increased by DKK 6m.

Balance Sheet		DKKm	
Note	31 March 2017	31 December 2016	
Assets			
	48	48	
	2,946	2,428	
6	140,040	139,032	
9 - 11	20	20	
8	11,414	13,625	
12	57	58	
	97	98	
13	4	4	
	1	1	
	112	159	
	129	246	
14	23	18	
Total assets	154,892	155,737	
Liabilities and equity			
	-	-	
15	132,924	134,074	
16	8,005	8,000	
	34	18	
17	1,413	1,378	
	6	4	
Total debt	142,382	143,474	
	4	5	
Total provisions	4	5	
	570	570	
	43	43	
	2,338	2,338	
	8,255	8,008	
	1,300	1,300	
Total equity	12,506	12,259	
Total liabilities and equity	154,892	155,737	
18	Off-balance sheet items		
	17	17	
	3,985	4,220	

Statement of Changes in Equity							DKKm
	Share capital 1)	Revaluation reserve	Undistributable reserve	Retained earnings	Owners of hybrid core capital 2)	Total	
2016							
Equity at 1 January 2016	570	43	2.338	8.252	1.300	12.503	
Profit	0	0	0	702	109	811	
<u>Transactions with owners</u>							
Purchase of own shares	0	0	0	-970	0	-970	
Interest on hybrid core capital	0	0	0	0	-109	-109	
Tax value of deduction of interest on additional tier 1 capital	0	0	0	24	0	24	
Equity at 31 December 2016	570	43	2.338	8.008	1.300	12.259	
2017							
Equity at 1 January 2017	570	43	2.338	8.008	1.300	12.259	
Profit	0	0	0	210	27	236	
<u>Transactions with owners</u>							
Own shares	0	0	0	31	0	31	
Interest on hybrid core capital	0	0	0	0	-27	-27	
Tax value of deduction of interest on additional tier 1 capital	0	0	0	6	0	6	
Equity at 31 March 2017	570	43	2.338	8.255	1.300	12.506	
<p>1) The share capital is divided into shares of each DKK 1.00. The total number of shares is 569,964,023. DLR Kredit A/S has only one class of shares. All shares carry equal rights.</p> <p>2) Additional tier 1 capital that complies with the rules in the Capital Requirements Regulation (CRR). The DKK 1,300m with a conversion obligation was raised on 27 August 2012. The maturity is perpetual. The rate of interest is floating and based on the 6m money-market rate (CIBOR) plus 8.25 per cent p.a. The aggregate additional tier 1 capital can be included in total capital at 31 March 2017.</p> <p>Interest: 27 DKKm</p>							
<p>3) Own shares</p> <p>DLR Kredit has in the first quarter of 2017 sold own shares corresponding to a market value of 31 DKKm.</p>							

Capital and solvency		DKKm	
	31 March 2017	31 December 2016	
Equity	12,506	12,259	
Profit not recognised in equity	-216	0	
Hybrid core capital recognised in equity	-1,300	-1,300	
Deductions as a consequence of prudent valuation	-23	-22	
Difference between expected loss and write downs	-668	-676	
Deferred tax	-1	-1	
Actual core capital	10,298	10,260	
Hybrid core capital	1,300	1,300	
Capital base	11,598	11,560	
Risk-weighted exposure with credit risk, etc.	73,691	75,327	
Risk-weighted exposure with market risk	3,006	2,892	
Risk-weighted exposure with operational risk	2,456	2,456	
Total risk-weighted exposure	79,153	80,674	
Actual core capital ratio	13.0%	12.7%	
Capital ratio	14.7%	14.3%	

List of notes to the financial statements

Nr. Name of note

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Notes - income statement

DKKkm

**Q1
2017** **Q1
2016**

1	Interest income		
	Receivables from credit institutions and central banks	0	0
	Loans and advances	424	459
	Administration fees	374	362
	Bonds	27	55
	Other interest income	11	8
	Total interest income	837	884
	Interest from own mortgage bonds offset against interest on issued bonds	-14	-46
	Total	823	837
2	Interest expenses		
	Credit institutions and central banks	-1	0
	Issued bonds at fair value	-409	-454
	Issued bonds at amortised cost	-11	-10
	Hybrid core capital (non CRR-compliant)	0	0
	Other interest expenses	0	1
	Total interest expenses	-421	-464
	Interest from own mortgage bonds	14	46
	Total	-407	-417
3	Value adjustments		
	Mortgage loans	404	587
	Bonds	9	-5
	Shares etc.	0	0
	Other assets	0	0
	Foreign exchange	1	-2
	Derivative financial instruments	-6	-6
	Issued bonds	-404	-587
	Total value adjustments	3	-12

Notes - income statement

DKKm

	Q1 2017	Q1 2016
4 Staff costs and administrative expenses		
Staff costs		
Salaries *	-31	-30
Pension costs	-3	-3
Social security costs	-5	-5
Total	-38	-37
Other administrative expenses		
IT expenses	-11	-8
Audit, supervision and industry association	-2	-4
Other operating costs	-9	-8
Total	-22	-20
Total staff and administrative expenses	-60	-57
Executive Board*		
Fixed remuneration	1,6	1,6
Variable remuneration	0,0	0,0
Total	1,6	1,6
Number of members of the Executive Board - end of period	2	2
5 Provisions and impairment losses for loans and receivables etc.		
Impairment losses for the period	-10	-52
Recovery of debt previously written off	1	1
Provisions for the period	-53	-69
Reversal of provisions	61	80
Losses offset in comission payments to banks	18	12
Total provisions and impairment losses for loans and receivables etc.	17	-27

Notes - assets

DKKkm

31 March 31 December
2017 2016

6	Receivables from credit institutions and central banks		
	Receivables at notice from central banks	0	0
	Receivables from credit institutions and central banks	2.946	2.428
	Total receivables from credit institutions and central banks*	2.946	2.428
	DLR had no reverse repo transactions at year-end		
7	Loans and advances at fair value		
	Mortgage loans, nominal value	138.143	137.493
	Adjustment to fair value of underlying bonds	2.372	1.966
	Adjustment for credit risk	-561	-566
	Total mortgage loans at fair value	139.954	138.893
	Arrears before provisions	126	124
	Other loans and charges before provisions	-13	44
	Provisions for arrears and charges	-27	-28
	Total	140.040	139.032
8	Loans and advances at amortised cost		
	Loans and advances	25	26
	Adjustment for credit risk	-5	-6
	Total	20	20
9	Mortgage loans (nominal value) by property category (as a percentage)		
	Agricultural properties	63	63
	Owner-occupied dwellings	6	6
	Subsidised rental housing properties	0	0
	Private rental housing properties	14	14
	Office and business properties	16	16
	Properties for manufacturing and manual industries	1	1
	Properties for social, cultural and educational purposes	0	0
	Other properties	1	1
	Total, as a percentage	100	100
10	Number of loans - end of period	59.381	59.119
11	Provisions for loans and receivables impairment at fair value and amortised cost		
	Individual provisions		
	Provisions on loans and guarantees, beginning-of-year	411	445
	Reversal of provisions	-61	-191
	Provisions for the period	46	156
	Provisions - end of period	396	411
	Collective provisions*		
	Provisions on loans and guarantees, beginning of year	190	145
	Reversal of provisions	0	-25
	Provisions for the period	7	70
	Provisions - end of period	197	190
	Total provisions for loans and receivables impairment, end of period	593	601

Notes - assets

DKKkm

31 March 31 December
2017 2016

12	Bonds at fair value		
	- Own mortgage bonds	20,113	23,866
	- Other mortgage bonds	9,234	11,441
	- Government bonds	2,179	2,184
	- Other bonds	995	0
	Total bonds	32,522	37,492
	Own mortgage bonds offset against issued bonds	-20,113	-23,866
	Own non-mortgage bonds offset against issued bonds	-995	0
	Total	11,414	13,625
13	Land and buildings (domicile properties)		
	Fair value, beginning of year	98	98
	Additions during the year	0	0
	Depreciation	0	-1
	Value changes recognised in other comprehensive income	0	0
	Fair value, end of period	97	98
	The value of domicile properties is measured on an annual basis by DLR's commercial valuation experts.		
14	Other assets		
	Positive market value of derivative financial instruments etc.	21	10
	Interest and commission receivable	54	107
	Other receivables	53	129
	Total	129	246
15	Issued bonds at fair value		
	Mortgage bonds - nominal value	150,476	155,775
	Fair value adjustment	2,561	2,165
	Issued bonds - gross	153,037	157,940
	Own mortgage bonds set off - at fair value	-20,113	-23,866
	Total	132,924	134,074
	Of which pre-issued, market value	7,668	10,228
	Drawn callable bonds for redemption in next term	1,059	2,152

Notes - liabilities and equity

DKKkm

31 March 31 December
2017 2016

16	Issued bonds at amortised cost		
	Issues in connection with senior debt	9.000	8.000
	Own mortgage bonds set off	-995	0
	Total	8.005	8.000

17	Other debt and payables		
	Negative market value of derivative financial instruments	11	5
	Interest and commission payable	1.161	1.180
	Other payables	242	193
	Total	1.413	1.378

18	Off-balance sheet items		
	Guarantees etc.		
	Financial guarantees	3	3
	Other guarantees	15	15
	Total	17	17
	Other contingent liabilities		
	Irrevocable credit commitments (loan offers)	3.985	4.220
	Total	4.002	4.237

In addition to the above guarantees and contingent liabilities, DLR's bond portfolio is used as collateral for intraday settlement of VP sumclearing. It is not estimated that it would entail a pull on the company's financial resources.

19	Contingent assets		
	Loss guarantee agreements have been established between DLR and the banks holding shares in DLR which makes it possible for DLR to offset losses against commissions paid to the banks that hold shares in DLR. The set-off of losses against commissions can be made over several years going forward, which means that DLR may offset losses against commissions in the years to come in cases where the exposures lead to an actual losses.		

Notes - financial highlights and ratios

DKKm

20	Key figures in DKKm	Q1 2017	Q1 2016	Q1 2015	Q1 2014	Q1 2013
	Income statement					
	Net interest and fee income	342	346	381	319	288
	Other operating income etc.	4	4	5	4	5
	Staff costs and administrative expenses etc.	-64	-61	-56	-52	-52
	Earnings	283	289	330	272	241
	Provision for loan and receivable impairment	17	-27	-39	-25	-28
	Value adjustments	3	-12	40	-32	-58
	Profit before tax	303	249	331	214	155
	Profit after tax	236	194	253	162	116
	Balance sheet					
	Assets					
	Loans and advances	140,060	134,237	133,548	134,177	135,810
	Bonds, shares, etc.	11,471	11,623	9,237	4,193	2,700
	Other assets	3,361	2,413	6,636	3,011	2,459
	Total assets	154,892	148,274	149,421	141,381	140,969
	Liabilities and equity					
	Issued bonds	140,928	134,797	132,597	125,169	121,491
	Other debt and payables	1,458	1,342	3,921	2,974	5,146
	Subordinated debt	0	0	752	3,073	5,247
	Equity	12,506	12,135	12,151	10,165	9,085
	Total liabilities and equity	154,892	148,274	149,421	141,381	140,969

Notes - key figures and ratios

DKKm

21 Financial ratios

	Q1 2017	Q1 2016	Q1 2015	Q1 2014	Q1 2013
Return on equity					
Profit before tax in per cent of equity(*)	2,4	2,0	2,8	2,1	1,7
Profit after tax in per cent of equity(*)	1,9	1,6	2,1	1,6	1,3
Profit on hybrid core capital (CRR complaint)	2,1	2,1	2,2	2,2	
Profit after tax on equity excl. Hybrid core capital	1,9	1,6	2,4	1,7	
Return on capital employed					
Return on capital employed(*)	0,15	0,13	0,17	0,12	0,15
Costs					
Costs in per cent of loan portfolio	0,05	0,04	0,04	0,04	0,04
Income/cost ratio(*)	7,41	3,82	4,50	3,80	2,95
Income/cost ratio, excl. write-downs for impaired	5,47	5,72	7,60	5,67	4,62
Solvency (**)					
Total capital ratio	14,7	14,8	12,4	13,6	13,5
Tier 1 capital ratio	14,7	14,8	12,4	13,6	13,5
Losses and arrears					
Arrears, end of period (DKKm)	126	124	127	128	163
Loss and impairment ratio for the period (in per cent of loan portfolio)(*)	0,00	0,00	0,03	0,02	0,02
Accumulated loss and impairment ratio (in per cent of loan portfolio)	0,42	0,43	0,43	0,29	0,26
Lending activity					
Growth in loan portfolio, per cent (nominal)*	0,5	0,5	-0,4	-0,2	0,0
New loans, gross (DKKm)	5.904	3.914	8.392	4.165	3.122
Number of new loans	1.989	1.353	3.092	1.243	1.381
Loan/equity ratio(*)	11,2	11,1	11,0	13,2	14,9
Margins					
Percentage of average loan portfolio (nominal):					
Profit before tax	0,22	0,19	0,25	0,16	0,12
Administrative margin in per cent of average loan portfolio	0,27	0,27	0,27	0,26	0,26
Percentage of tier 1 capital after deductions:					
Foreign exchange position as a percentage of tier 1 capital after deductions(**)	12,3	14,7	0,1	0,1	1,1

(*) The financial ratios have been calculated in accordance with the definitions of the Danish Financial Supervisory Authority.

(**) In March 2016, DLR received approval from the Danish FSA to use IRB models to determine the credit risk on the portfolio of loans to full-time farms, which has been incorporated in the figures for 2016, as opposed to the figures at year-end 2015, which were solely based on the standard method.

22 Reconciliation of income statement "basic portfolio earnings" vs "official statements"

	Basic earnings	Portfolio earnings	Total
Interest income	784	39	823
Interest expenses	-407		-407
Net interest income	377	39	416
Dividends from shares etc.	0		0
Fee and commission income	49		49
Fees and commissions paid	-122		-122
Net interest and fee income	303	39	342
Value adjustments	0	3	3
Other operating income	4		4
Staff costs and administrative expenses	-60		-60
Depreciation and impairment losses	-1		-1
Other operating expenses	-3		-3
Impairment of loans and receivables, etc.	17		17
Profit before tax	261	42	303
Tax	-67		-67
Profit after tax	194	42	236

Management's statement on the interim report

The Board of Directors and the Executive Board has today considered and approved the interim report of DLR Kredit A/S for the period 1 January – 31 March 2017.

DLR's interim report has been prepared in accordance with the accounting provisions for mortgage banks laid down by the Danish Financial Supervisory Authority as well as the requirements provided by NASDAQ Copenhagen for the financial statements of issuers of listed bonds.

The management's review includes a fair review of developments in the Company's operations and financial position and describes significant risks and uncertainties that may affect the Company.

In our opinion, the accounting policies applied are appropriate such that the interim financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2017 and of the results of the Company's operations for the period 1 January – 31 March 2017.

DLR's interim report has not been subject to audit or review by the Company's auditors.

Copenhagen, 27 April 2017

Executive Board

Jens Kr. A. Møller
CEO

Michael Jensen
Managing Director

Board of Directors

Vagn Hansen
Chairman

Anders Dam
Vice Chairman

Claus Andersen

Claus Andreasen

Karen Frøsig

Peter Gæmelke

Jakob G. Hald

Søren Jensen

Agnete Kjærsgaard

Lars Møller

Torben Nielsen

Benny Pedersen

Jan Pedersen

Lars Petersson