

INTERIM REPORT

Q1 2018



Financial summary Q1 2018	3
Financial highlights	3
Executive summary	5
Financial review for Q1 2018	5
Income statement	5
Core Earnings	6
Portfolio earnings	7
Allocation of comprehensive income for the period	7
Balance	7
Capital and solvency	8
Capital base	8
Risk-weighted exposure amount	8
Capital ratios	8
Risk	9
Arrears and losses	9
Full-year outlook for 2018	9
Accounting policies	9
Further information	10
Contacts	10
Management's statement on the interim report	25

Financial summary Q1 2018

- Core income amounted to DKK 318m, an increase of DKK 10m on the same period in 2017.
- Losses and impairments amounted to an income of DKK 1m.
- Pre-tax profit was DKK 225m.
- After paying tax on the profit for the period, DKK 175m has been added to DLR's equity capital.
- DLR's net lending on agricultural and urban trade property amounted to DKK 0.9bn.

Financial highlights

Profit and Loss Account

(DKKm)	Q1 2018	Q1 2017	Ratio 18/17	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Administration fee income	385	374	103	385	381	377	376
Other core income, net	24	19	127	24	28	23	20
Interest expenses, senior debt and subordinated debt	-12	-11	104	-12	-8	-12	-11
Fee and commission income, net	-79	-74	108	-79	-35	-58	-90
Core income (mortgage credit income)	318	308	103	318	360	330	295
Staff costs and administrative expenses, etc.	-69	-61	113	-69	-69	-63	-62
Other operating expenses	-3	-3	100	-3	-3	-3	-3
Provision for loan and receivable impairment, etc.	1	17	4	1	-21	48	50
Results from core activities	247	261	95	247	267	312	281
Portfolio earnings (securities)	-22	42	0	-22	-39	5	-3
Profit before tax	225	303	74	225	228	317	278
Profit after tax	175	236	74	175	178	248	218

Balance Sheet at 31 March

(DKKm)	Q1 2018	Q1 2017	Ratio 18/17	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Assets							
Loans and advances	143,768	140,060	103	143,768	143,061	141,995	141,105
Bonds and shares	11,028	11,471	96	11,028	11,855	12,366	12,016
Other assets	3,954	3,361	118	3,954	8,458	4,415	2,298
Total assets	158,750	154,892	102	158,750	163,375	158,776	155,419
Liabilities and equity							
Issued bonds	144,171	140,928	102	144,171	148,972	144,193	140,872
Other debt and payables	1,339	1,458	92	1,339	1,338	1,697	1,243
Subordinated debt	650	0		650	650	650	0
Equity	12,590	12,506	101	12,590	12,415	12,236	13,303
Total liabilities and equity	158,750	154,892	102	158,750	163,375	158,776	155,419

Financial ratios*

	Q1 2018	Q1 2017	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Return on equity (ROE)						
Profit before tax in pc of equity	1.8%	2.4%	1.8%	1.9%	2.6%	2.2%
Profit after tax in pc of equity	1.4%	1.9%	1.4%	1.4%	2.0%	1.7%
Solvency						
Capital ratio	15.9%	14.7%	15.9%	15.9%	14.8%	15.7%
Lending Activity						
Growth in loan portfolio, pc (nominel)	0.6	0.5	0.6	0.7	0.3	0.7
New loans, gross (DKKm)	6,313	5,904	6,313	13,191	10,399	5,720

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

Executive summary

Chief Executive Officer Jens Kr. A. Møller states in connection with the release of the interim report for Q1 2018:

“DLR Kredit’s pre-tax profit of DKK 225m for the first 3 months of 2018 is satisfactory and at the expected level.

The result was positively affected by DLR’s still growing loan portfolio, which led to administration margin income increasing.

In Q1 2018 the losses in the period was limited as it has been in the previous periods. In combination with losses offset against commission payments to banks and a modest reduction in impairment losses this has contributed to the operational impact of losses and impairments amounting to an income of DKK 1m.

In Q1 2018 the portfolio earnings has been negative, which was according to expectations. The negative earnings are due to the

negative interest rate for bonds with a short maturity.

Financial review for Q1 2018

Income statement

DLR achieved a satisfactory pre-tax profit for the period of DKK 225m, which is DKK 78m less than in the same period in 2017.

Net profit for the period was DKK 175m after tax.

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

Profit and Loss Account

(DKKm)	Q1 2018	Q1 2017	Ratio 18/17
Administration fee income	385	374	103
Other core income, net	24	19	127
Interest expenses, senior debt and subordinated debt	-12	-11	104
Fee and commission income, net	-79	-74	108
Core income (mortgage credit income)	318	308	103
Staff costs and administrative expenses, etc.	-69	-61	113
Other operating expenses	-3	-3	100
Provision for loan and receivable impairment, etc.	1	17	4
Results from core activities	247	261	95
Portfolio earnings (securities)	-22	42	
Profit before tax	225	303	74
Profit after tax	175	236	74

Core Earnings

Administration margin income amounted to DKK 385m, which is DKK 11m up on the same period in 2017. The increase is due to the loan portfolio expanding.

Interest expenses on senior debt and subordinated debt amounted to DKK 12m, which is similar to the same period in 2017.

The figure for interest expenses covers an issue in Q3 2017 of subordinated debt 650m, which in Q1 2018 resulted in interest expense at 4m. however this was offset by a lower average interest rate at senior debt at 3m.

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 79m, which is DKK 5m up on the same period in 2017. The increase is due to a combination of an increased in fee and commission income of DKK 5m on the back of increased gross lending during the period combined with an increase in fee and commission expenses of DKK 10m, which should be seen against the increasing loan portfolio and hence higher expenses for loss-guarantee commissions, etc.

Core income was subsequently DKK 318m, an increase of DKK 10m on the same period in 2017. The increase equates to a rise of 3 pc.

Staff and administration, etc. expenses amounted to DKK 69m, an increase of DKK 8m relative to the same period in 2017. The rise in staff and administration expenses stems from an increase in employee numbers and also an increase in IT expenses connected with the development of DLR's digital advisory platform, among other things.

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 1m, calculated as follows:

- Realised losses DKK -8.0m
- Net change in impairments DKK +4.3m
- Losses offset in commission payments from the banks DKK +4.4m.

Portfolio earnings

Portfolio earnings amounted to an expense of DKK 22m. The negative portfolio earnings were due to placement in mortgage bonds with a low maturity, and a negative return.

DLR's investment portfolio (securities excl. temporary liquidity) amounted to DKK 22.9bn at the end of Q1 2018.

Allocation of comprehensive income for the period

The period's comprehensive income amounted to DKK 175m., which has been added to DLR's equity capital.

Balance

Mortgage credit lending amounted to DKK 141.5bn (nom.) at the end of Q1 2018.

The bond portfolio stood at DKK 33.1bn. Of this, DLR's own bonds accounted for DKK 22.1bn, which is netted in "Issued bonds at fair value" while DKK 11.0bn was attributable to positions in government securities and other mortgage bonds.

As well as bond holdings of DKK 33.1bn, DLR held other securities for DKK 3.6bn; hence, the total securities holding amounted to DKK 36.7bn (gross) at the end of Q1.

Temporary liquidity connected with mortgage payments, loan redemptions and refinancing auctions comprised DKK 13.8bn, in all, of the securities holding, so the investment holding was therefore DKK 22.9bn.

DLR's balance sheet stood at DKK 158.7bn at the end of Q1 2018.

Capital and solvency

Capital base

DLR's capital base at the end of Q1 2018 does not include the result for the period, as the accounts have not been audited. The capital base is at the same level as at the end of 2017.

Risk-weighted exposure amount

DLR's risk-weighted exposure amounted to DKK 77.9bn, which is an unchanged level compared to the same period of 2017. In the period there has been an increase in risk-weighted exposures with credit risk at DKK 1,1bn, which is offset by an opposing reduction in risk-weighted exposures with market risk at DKK 1,0bn

Including the result for the period would produce a total capital ratio of 16.1 and a common equity tier 1 capital ratio of 15.3.

weighted exposures with credit risk at DKK 1,1bn, which is offset by an opposing reduction in risk-weighted exposures with market risk at DKK 1,0bn

Capital ratios

DLR's total capital ratio was 15.9 at the end of Q1 2018, which is an unchanged level compared to year-end 2017. The common equity tier 1 capital ratio was 15.0 compared to 15.1 at year-end 2017.

Capital and solvency (DKKm)

	31 March 2018	31 December 2017
Equity	12,590	12,415
Profit not recognised in equity	-175	0
Additional tier 1 capital recognised in equity	0	0
Deductions as a consequence of prudent valuation	-24	-26
Difference between expected losses and impairment losses	-673	-667
Deferred tax	-1	0
Common equity tier 1 capital	11,717	11,722
Additional tier 1 capital	0	0
Subordinated capital (tier 2 capital)	650	650
Own funds	12,367	12,372
Risk-weighted exposure with credit risk, etc.	72,877	71,804
Risk-weighted exposure with market risk	2,625	3,667
Risk-weighted exposure with operational risk	2,401	2,401
Total risk-weighted exposure	77,903	77,872
Common equity tier 1 capital ratio	15.0%	15.1%
Total capital ratio	15.9%	15.9%

Risk

DLR's credit and market risk are estimated as limited due to both the statutory requirements and DLR's internal credit policy guidelines. Additionally, DLR has established loss-mitigating schemes, including a guarantee provision 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 2017, available at www.dlr.dk/risk-reports.

Arrears and losses

As of the end of Q1 2018, mortgage payments outstanding amounted to DKK 122m against DKK 101m at year-end 2017. Of the amount in arrears, the bulk stems from mortgage payments that are less than 3½ months overdue.

DLR recorded a loss on 21 cases in Q1 2018 compared to 33 during the same period in 2017.

DLR had 16 foreclosed mortgages in its portfolio at the end of Q1 2018. The value of these properties amounted to DKK 31m at the end of Q1 compared to DKK 35m at year-end 2017.

Full-year outlook for 2018

DLR's Annual Report 2017 indicated expected core earnings for 2018 as a whole of DKK 800-900m. and a profit before tax of DKK 700-800m. After Q1, there are no changes in those estimates.

The main uncertainty for full-year is subject to interest rate uncertainty and its potential impact on DLR's portfolio earnings during the rest of the year and the operational impact of losses and impairments for the remainder of 2018.

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.

No changes have been made to DLR's accounting policies compared to Q4 2017.

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

Further information

For further information on DLR please refer to www.dlr.dk/welcome-investorpage, where the Annual Report 2017 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

CEO Jens Kr. A. Møller, tel. 33 42 07 24. Managing Director Michael Jensen, tel. 33 42 07 06.

Profit and Loss Account and Statement of Comprehensive Income (DKKm)

Note	Q1 2018	Q1 2017
1 Interest income	791	837
2 Interest expenses	-360	-421
Net interest income	431	416
Share dividends etc.	0	0
Fee and commission income	54	49
Fee and commission paid	-133	-122
Net interest and fee income	352	342
3 Market value adjustments	-61	3
Other operating income	6	4
4-5 Staff costs and administrative expenses	-68	-60
Depreciation and impairment of property, plant and equipment	0	-1
Other operating expenses	-3	-3
6 Impairment of loans, advances, receivables, etc.	1	17
Profit before tax	225	303
Tax	-49	-67
Profit after tax	175	236
Statement of comprehensive income		
Profit after tax	175	236
Comprehensive income	175	236
<u>Attributable to:</u>		
Shareholders of DLR Kredit A/S*	175	210
Owners of additional tier 1 capital	0	27
Total comprehensive income	175	236

Balance Sheet (DKKm)

Note	31 March 2018	31 December 2017
Assets		
	50	50
7	3,469	7,951
8-12	143,750	143,042
9-12	18	19
13	10,982	11,810
	46	46
14	97	97
	4	4
	129	27
	31	35
15	150	272
	26	22
Total assets	158,750	163,375
Liabilities and equity		
16	135,171	139,972
17	9,000	9,000
	0	0
18	1,332	1,331
	4	4
Total debt	145,506	150,307
	3	3
Total provisions	3	3
	650	650
Subordinated debt	650	650
	570	570
	43	43
	2,338	2,338
	9,639	9,464
Total equity	12,590	12,415
Total liabilities and equity	158,750	163,375
19		
	6	7
	4,768	4,953

Statement of Changes in Equity (DKKm)

	Share capital 1)	Revaluation reserve	Undistributable reserve	Retained earnings	Owners of additional tier 1 capital 2)	Total
2017						
Equity at 1 January	570	43	2,338	8,008	1,300	12,259
Profit	0	0	0	808	72	880
<u>Transactions with owners</u>						
Acquisition of treasury shares 3)	0	0	0	632	0	632
Interest on additional tier 1 capital	0	0	0	0	-72	-72
Tax base of deduction for interest on additional tier 1 capital	0	0	0	16	0	16
Repayment on additional tier 1 capital					-1,300	-1,300
Equity at 31 December	570	43	2,338	9,464	0	12,415
2018						
Equity at 1 January	570	43	2,338	9,464	0	12,415
Comprehensive income	0	0	0	175	0	175
Equity at 31 March	570	43	2,338	9,639	0	12,590

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.

2) Additional tier 1 capital that complies with the rules in the Capital Requirements Regulation (CRR).

4) DLR Kredit held 21,495,118 treasury shares at 31/03 2018, corresponding to a nominal value of DKK 21.5 million. The portfolio of treasury shares accounts for 3.8% of the total share capital.

Capital and solvency (DKKm)

	31 March 2018	31 December 2017
Equity	12,590	12,415
Profit not recognised in equity	-175	0
Additional tier 1 capital recognised in equity	0	0
Deductions as a consequence of prudent valuation	-24	-26
Difference between expected losses and impairment losses	-673	-667
Deferred tax	-1	0
Common equity tier 1 capital	11,717	11,722
Additional tier 1 capital	0	0
Subordinated capital (tier 2 capital)	650	650
Own funds	12,367	12,372
Risk-weighted exposure with credit risk, etc.	72,877	71,804
Risk-weighted exposure with market risk	2,625	3,667
Risk-weighted exposure with operational risk	2,401	2,401
Total risk-weighted exposure	77,903	77,872
Common equity tier 1 capital ratio	15.0%	15.1%
Total capital ratio	15.9%	15.9%

List of notes to the financial statements

Nr. Name of note

Notes to the financial statements - income statement

- 1 Interest income
- 2 Interest expenses
- 3 Market value adjustments
- 4 Staff costs and administrative expenses
- 5 Remuneration to members of the Executive Board, Board of Directors, etc.
- 6 Provisions and impairment losses for loans and receivables etc.

Notes to the financial statements - assets

- 7 Due from credit institutions and central banks
- 8 Loans, advances and other receivables at fair value
- 9 Loans, advances and other receivables at amortised cost
- 10 Mortgage loans (nominal value) by property category (as a percentage)
- 11 Number of loans - end of period
- 12 Impairment of loans, advances and other receivables at fair value and amortised cost
- 13 Bonds at fair value
- 14 Land and buildings, domicile properties
- 15 Other assets

Notes to the financial statements - liabilities and equity

- 16 Issued bonds at fair value
- 17 Issued bonds at amortised cost
- 18 Other liabilities

Notes to the financial statements - off-balance sheet items etc.

- 19 Off-balance sheet items
- 20 Contingent assets

Notes to the financial statements - key figures and ratios

- 21 Key figures - 1 Quarter
- 22 Financial ratios - 1 Quarter

Notes - other notes (DKKm)

- 23 Reconciliation of income statement "basic portfolio earnings" vs "official statements"
-

Notes - income statement (DKKm)

Note	Q1 2018	Q1 2017
1 Interest income		
Due from credit institutions and central banks	0	0
Loans and advances	369	424
Contributions	385	374
Bonds	41	41
Other interest income	16	11
Total interest income	812	851
Interest on own mortgage bonds offset against interest on issued bonds	-20	-14
Total	791	837
Of which interest income from repo transactions:		
Due from credit institutions and central banks	0	0
2 Interest expenses		
Credit institutions and central banks	-1	-1
Issued bonds at fair value	-367	-422
Issued bonds at amortised cost	-8	-11
Other interest expenses	-4	0
Total	-381	-435
Interest on own mortgage bonds offset against interest on issued bonds	20	14
Total	-360	-421
Of which interest expenses on repo transactions:		
Debt to credit institutions and central banks	0	0
3 Market value adjustments		
Mortgage loans	-207	404
Bonds	-44	9
Shares etc.	0	0
Other assets	0	0
Foreign currency	-1	1
Derivative financial instruments	-17	-6
Issued bonds	207	-404
Total	-61	3

Notes - income statement (DKKm)

Note	Q1 2018	Q1 2017
4 Staff costs and administrative expenses		
Staff costs		
Salaries *	-36	-31
Pension costs	-3	-3
Social security costs	-5	-5
Total	-45	-38
Other administrative expenses		
IT expenses	-12	-11
Audit, supervision and industry association		
Other expenses	-12	-11
Total	-24	-22
Total staff and administrative expenses	-68	-60
5 Remuneration to members of the Executive Board, Board of Directors, etc.		
Fixed remuneration	2.2	2.1
Variable remuneration	0.0	0.0
Total	2.2	2.1
Number of members of the executive management - end of period	2	2
6 Provisions and impairment losses for loans and receivables etc.		
Losses in the period*	-9	-10
Amounts received on claims previously written off*	1	1
Impairment losses in the period	-42	-53
Reversal of impairment losses	46	61
Losses offset against commission payments to banks	4	18
Total	1	17

Notes - assets (DKKm)

Note	31 March 2018	31 December 2017
7 Due from credit institutions and central banks		
Due from credit institutions and central banks	3,469	7,951
Total amount due from credit institutions and central banks	3,469	7,951
DLR had not entered into any reverse repo transactions at year-end		
8 Loans, advances and other receivables at fair value		
Mortgage loans, nominal value	141,523	140,653
Adjustment to fair value of underlying bonds	2,637	2,843
Adjustment for credit risk	-498	-504
Mortgage loans at fair value	143,661	142,992
Arrears before impairment losses	122	101
Other loans and outlays before impairment losses	-16	-36
Impairment losses on arrears and outlays	-17	-16
Total	143,750	143,042
9 Loans, advances and other receivables at amortised cost		
Loans and advances	23	24
Adjustment for credit risk	-5	-5
Total	18	19
10 Mortgage loans (nominal value) by property category (as a percentage)		
Agricultural properties	62	63
Owner-occupied dwellings	6	6
Subsidised rental housing properties	0	0
Private rental housing properties	15	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
11 Number of loans - end of period	60,507	59,119

Notes - assets (DKKm)

Note	31 March 2017	31 December 2016
12 Impairment of loans, advances and other receivables at fair value and amortised cost		
Impairment of loans, advances and other receivables at fair value		
Stage 1: Impairment of loans without significant increase in credit risk		
Beginning of period	2	
Change of period	-1	
End of period	1	
Stage 2: Impairment of loans with significant increase in credit risk		
Beginning of period	244	
Change of period	10	
End of period	254	
Stage 3: Impairment of loans which are credit impaired		
Beginning of period	273	
Change of period	-13	
End of period	260	
Impairment of loans, advances and other receivables at fair value - end of period	515	
Impairment of loans, advances and other receivables at amortised cost		
Stage 1: Impairment of loans without significant increase in credit risk		
Beginning of period	0	
Change of period	0	
End of period	0	
Stage 2: Impairment of loans with significant increase in credit risk		
Beginning of period	2	
Change of period	0	
End of period	2	
Stage 3: Impairment of loans which are credit impaired		
Beginning of period	3	
Change of period	0	
End of period	3	
Impairment of loans, advances and other receivables at amortised cost - end of period	5	
Individual impairment losses		278
Collective impairment losses		246
Total		524
	520	524

* Impairment of loans, advances and other receivables in Q1 2018 are calculated compliant to the danish FSA "Danish Executive Order on the Presentation of Financial Statements" (be. no. 1043), regarding calculation of impairment losses in a IFRS 9 compatible method. This has caused a changed lineup compared to 2017.

Notes - assets (DKKm)

Note	31 March 2018	31 December 2017
13 Bonds at fair value		
- Own mortgage bonds	22,095	30,307
- Other mortgage bonds	9,574	10,243
- Government bonds	1,408	1,567
Bonds - gross	33,077	42,117
Own mortgage bonds offset against issued bonds	-22,095	-30,307
Total	10,982	11,810
14 Land and buildings, domicile properties		
Fair value, beginning of year	97	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	97
Domicile properties are valued on an annual basis by DLR's valuation experts.		
15 Other assets		
Positive market value of derivative financial instruments etc.	29	4
Interest and commission receivable	60	85
Other receivables	60	183
Total	150	272
16 Issued bonds at fair value		
Mortgage bonds - nominal value	152,507	167,176
Fair value adjustment	2,759	3,103
Issued bonds - gross	155,266	170,279
Offsetting of own mortgage bonds - fair value	-20,095	-30,307
Total	135,171	139,972
Of which pre-issued, market value	5,742	13,291
Cash value of bonds drawn for redemption at next repayment date (settlement price)	1,996	8,321

Notes - liabilities etc. (DKKm)

Note	31 March 2018	31 December 2017
17 Issued bonds at amortised cost		
Issues in connection with senior debt	11,000	9,000
Offsetting of own bonds	-2,000	0
Total	9,000	9,000
18 Other liabilities		
Negative market value of derivative financial instruments	25	5
Interest and commission payable	1,114	1,079
Other liabilities	193	247
Total	1,332	1,331
19 Off-balance sheet items		
Guarantees etc.		
Financial guarantees	2	3
Other guarantees	4	4
Total	6	7
Other contingent liabilities		
Irrevocable credit commitments (loan offers)	4,768	4,953
Total	4,774	4,960

In addition to the above guarantees and contingent liabilities, DLR's bond portfolio is used as collateral for intraday settlement of VP sumclearing. This is not expected to entail an outflow of the Company's financial resources.

20 Contingent assets

Loss set-off agreements have been established between DLR and the banks holding shares in DLR, under which DLR may offset any loss incurred against commission payable to the banks. Set-off can be made for a number of years, which means that DLR may offset any losses against future commission to the extent that impairment losses on exposures materialise as actual losses.

Notes - key figures (DKKm)

Note	2018	2017	2016	2015	2014
21 Key figures - 1 Quarter					
Income statement					
Net interest and fee income	352	342	346	381	319
Other operating income etc. etc.	6 -72	4 -64	4 -61	5 -56	4 -52
Earnings	286	283	289	330	272
Impairment of loans, advances and receivables	1	17	-27	-39	-25
Market value adjustments	-61	3	-12	40	-32
Profit before tax	225	303	249	331	214
Profit after tax	175	236	194	253	162
Balance sheet					
Assets					
Loans and advances	143,768	140,060	134,237	133,548	134,177
Bonds, shares, etc.	11,028	11,471	11,623	9,237	4,193
Other assets	3,954	3,361	2,413	6,636	3,011
Total assets	158,750	154,892	148,274	149,421	141,381
Equity and liabilities					
Issued bonds	144,171	140,928	134,797	132,597	125,169
Other liabilities	1,339	1,458	1,342	3,921	2,974
Subordinated debt	650	0	0	752	3,073
Equity	12,590	12,506	12,135	12,151	10,165
Total equity and liabilities	158,750	154,892	148,274	149,421	141,381

Notes - financial ratios

Note	2018	2017	2016	2015	2014
22 Financial ratios - 1 Quarter					
Return on equity					
Profit before tax in per cent of equity(*)	1.8	2.4	2.0	2.8	2.1
Profit after tax in per cent of equity(*)	1.4	1.9	1.6	2.1	1.6
Return on capital employed					
Return on capital employed(*)	0.11	0.15	0.13	0.17	0.12
Costs					
Costs in per cent of loan portfolio	0.05	0.05	0.04	0.04	0.04
Income/cost ratio*)	4.2	7.4	3.8	4.5	3.8
Income/cost ratio, excl. impairment losses	4.1	5.5	5.7	7.6	5.7
Solvency **)					
Total capital ratio	15.9	14.7	14.8	12.4	13.6
Tier 1 capital ratio	15.0	14.7	14.8	12.4	13.6
Arrears and impairment losses					
Arrears, end of period (DKKm)	122	126	124	127	128
of loan portfolio) *)	0.00	0.00	0.00	0.03	0.02
of loan portfolio)	0.36	0.42	0.43	0.43	0.29
Lending activity					
Growth in loan portfolio, per cent (nominal)*)	0.6	0.5	0.5	-0.4	-0.2
New loans, gross (DKKm)	6,313	5,904	3,914	8,392	4,165
Number of new loans	2,061	1,989	1,353	3,092	1,243
Loan/equity ratio(*)	11.4	11.2	11.1	11.0	13.2
Margins					
Percentage of average loan portfolio (nominal):					
Profit before tax	0.16	0.22	0.19	0.25	0.16
average loan portfolio	0.27	0.27	0.27	0.27	0.26
Percentage of tier 1 capital after deductions:					
Foreign exchange position as a percentage of tier 1 capital after deductions(**)	6.6	12.3	14.7	0.1	0.1

(*) 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 and 2017, as opposed to the figures at year-end 2015, which were solely based on the standard method.

Notes - other notes (DKKm)

	Basic earnings	Portfolio earnings	Total
23 Reconciliation of income statement "basic portfolio earnings" vs "official statements"			
Interest income	752	39	791
Interest expenses	-360		-360
Net interest income	392	39	431
Share dividends etc.	0		0
Fees and commission received	54		54
Fees and commission paid	-133		-133
Net interest and fee income	313	39	352
Market value adjustments	0	-62	-61
Other operating income	6		6
Staff costs and administrative expenses	-68		-68
Depreciation and impairment of property, plant and equipment	0		0
Other operating expenses	-3		-3
Impairment of loans, advances, receivables, etc.	1		1
Profit before tax	247	-22	225
Tax	-49		-49
Profit after tax	198	-22	175

Management's statement on the interim report

The Board of Directors and the Executive Board have today considered and approved the interim report of DLR Kredit A/S for the period 1 January – 31 March 2018.

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 report provides a fair and accurate 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 and the interim financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2018 and of the results of the Company's operations for the period 1 January – 31 March 2018.

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

Copenhagen, 30 April 2018

Executive Board

Jens Kr. A. Møller
CEO

Michael Jensen
Managing Director

Board of Directors

Vagn Hansen
Chairman

Lars Møller
Vice Chairman

Claus Andersen

Randi Franke

Karen Frøsig

Peter Gæmelke

Jakob G. Hald

Kim Hansen

Søren Jensen

Gert R. Jonassen

Agnete Kjærsgaard

Torben Nielsen

Jan Pedersen

Lars Petersson