

INTERIM REPORT

Q1 2019



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Financial summary Q1 2019

- Core income amounted to DKK 321m, which is DKK 3m higher than the same period in 2018.
- Losses and impairments added up to an expense of DKK 5m.
- DLR's pre-tax profit was DKK 275m.
- DLR's net lending to agricultural and business customers amounted to DKK1.8bn.

Financial highlights

Profit and Loss Account

(DKKm)	Q1 2019	Q1 2018	Ratio 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Administration fee income	401	385	104	401	396	390	388
Other core income, net	27	24	111	27	30	27	22
Interest expenses, senior debt and subordinated debt	-10	-12	86	-10	-10	-12	-12
Fee and commission income, net	-97	-79	122	-97	-81	-93	-73
Core income (mortgage credit income)	321	318	101	321	335	313	325
Staff costs and administrative expenses, etc.	-65	-69	95	-65	-72	-66	-69
Other operating expenses	-3	-3	93	-3	-3	-2	-3
Provision for loan and receivable impairment, etc.	-5	1		-5	-17	-7	-1
Results from core activities	247	247	100	247	243	237	253
Portfolio earnings (securities)	27	-22		27	-37	-8	-7
Profit before tax	275	225	122	275	206	228	246
Profit after tax	214	175	122	214	162	178	192

Balance Sheet at 31 March

(DKKm)	Q1 2019	Q1 2018	Ratio 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Assets							
Loans and advances	151,477	143,768	105	151,477	148,611	146,505	144,483
Bonds and shares	9,181	11,028	83	9,181	8,945	9,039	9,912
Other assets	2,871	3,954	73	2,871	3,182	3,358	3,534
Total assets	163,529	158,750	103	163,529	160,738	158,903	157,929
Liabilities and equity							
Issued bonds	148,139	144,171	103	148,139	145,901	144,079	143,413
Other debt and payables	1,416	1,339	106	1,416	1,213	1,385	1,083
Subordinated debt	650	650		650	650	650	650
Equity	13,324	12,590	106	13,324	12,974	12,789	12,782
Total liabilities and equity	163,529	158,750	103	163,529	160,738	158,903	157,929

Financial ratios*

	Q1 2019	Q1 2018	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Return on equity (ROE)						
Profit before tax in pc of equity	2.1%	1.8%	2.1%	1.6%	1.8%	1.9%
Profit after tax in pc of equity	1.6%	1.4%	1.6%	1.3%	1.4%	1.5%
Solvency						
Capital ratio	16.7%	15.9%	16.7%	16.9%	16.4%	16.5%
Lending Activity						
Growth in loan portfolio, pc (nominel)	1.2	0.6	1.2	1.6	1.5	0.4
New loans, gross (DKKm)	6,884	6,313	6,884	8,104	7,101	6,198

*) 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 2019:

“DLR’s pre-tax profit for Q1 2019 of DKK 275m is satisfactory and better than expected.

“The positive development is mainly due to rising income as a result of a larger loan portfolio, very limited losses and impairments and positive securities portfolio earnings.

“The increased loan portfolio was due to growth in both agricultural and business lending. Business lending grew over the past year by DKK 5.6bn, of which DKK 1.6bn was in Q1 2019. This also signals a greater diversification in DLR’s lending, which should be seen as positive.

Investment Portfolio income in Q1 2019 has been better than expected. This has to be seen in the context of the fact that the interest rate levels have been declining since the end of the year, resulting in increasing bond prices.

“The effect of the summer drought on the finances of the agricultural sector was very much in focus in the latter half of 2018. So far, DLR has not registered any noticeable impact on the ability of agricultural customers to service their debts because of the drought, while DLR’s level of impairments has likewise been only marginally affected. In 2018 the low prices on piglets and pork resulted in dissatisfactory earnings for pig farmers. This affected DLR’s level of arrears, which for this specific business area have been slightly rising.

The outlook for 2019 as a whole is positive regarding notation prices for both milk, piglets and pork prices. Due to this fact satisfactory earnings are expected in the agricultural sector in the current year.

Financial review

Income statement

DLR achieved a satisfactory pre-tax profit of DKK 275m for Q1 2019.

Net profit was DKK 214m.

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 expenses, losses and impairments.
- Portfolio earnings: Return on securities portfolio.

Profit and Loss Account

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Other core income, net	27	24	111	27	30	27	22
Interest expenses, senior debt and subordinated debt	-10	-12	86	-10	-10	-12	-12
Fee and commission income, net	-97	-79	122	-97	-81	-93	-73
Core income (mortgage credit income)	321	318	101	321	335	313	325
Staff costs and administrative expenses, etc.	-65	-69	95	-65	-72	-66	-69
Other operating expenses	-3	-3	93	-3	-3	-2	-3
Provision for loan and receivable impairment, etc.	-5	1		-5	-17	-7	-1
Results from core activities	247	247	100	247	243	237	253
Portfolio earnings (securities)	27	-22		27	-37	-8	-7
Profit before tax	275	225	122	275	206	228	246
Profit after tax	214	175	122	214	162	178	192

Core earnings

Administration margin income amounted to DKK 401m, which is DKK 16m up on the same period in 2018. The increase is mainly due to the loan portfolio expanding.

Interest expenses on senior and subordinated debt amounted to DKK 10m, which represents a fall of DKK 2m.

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 97m, which is DKK 17.4m more than for the same period in 2018. The higher net expense was due to a reduction in fee and commission income of DKK 6.6m combined with an increase in fee and commission expenses of DKK 10.8m, which stemmed from the expanding loan portfolio and the resulting increase in expenses related to loss-guarantee commissions, etc.

Core income was subsequently DKK 321m, which is DKK 3m up on the same period in 2018.

Staff and administration expenses, etc. amounted to DKK 65m, a decrease of DKK 4m on the same period in 2018.

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 expense of DKK 5m. The amount covers the following items:

- Realised losses, etc. DKK -29m
- Net change in impairments DKK +15m
- Included in previously written off receivables DKK +1m
- Losses offset in commission payments from the banks DKK +8m

Portfolio earnings

Portfolio earnings amounted to an income of DKK 27m. DLR has invested the bulk of its securities holdings in short mortgage bonds, which in the current interest rate environment will result in a negative return. The positive portfolio earnings in Q1 2019 should be seen against the fall in yield levels since the start of the year, which has resulted in rising bond prices.

DLR's investment portfolio (securities excl. temporary liquidity) totalled DKK 22.7bn at the end of Q1 2019.

Allocation of comprehensive income for the period

The period's comprehensive income amounted to DKK 214m, which has been added to DLR's equity capital.

Balance

Mortgage credit lending amounted to DKK 148.2bn (nom.) at the end of Q1 2019.

DLR's bond holdings totalled approximately DKK 28.4bn. Of this, DLR's portfolio of own bonds accounted for DKK 19.2bn, which is netted in "Issued bonds at fair value", while DKK 9.1bn was attributable to positions in government securities and other mortgage bonds.

As well as bond holdings of DKK 28.4bn, DLR held other securities assets in the form of receivables from Danmarks Nationalbank, credit institutions and receivable interest on securities totalling DKK 2.4bn, thus giving a total securities holding of DKK 30.8bn (gross) at the end of Q1 2019.

Temporary liquidity connected with mortgage payments, loan redemptions, refinancing auctions and the refinancing of senior debt comprised DKK 8.1bn, in all, of the securities holding, so the investment holding was therefore DKK 22.7bn.

DLR's balance sheet stood at DKK 163.5bn at the end of Q1 2019.

Capital and solvency

Capital base

DLR's capital base at the end of Q1 2019 does not include the result for the period, as the accounts have not been audited. DLR's capital base has increased by DKK 107m since the start of the year. The change was mainly attributable to the sale of DLR shares for a total amount of DKK 136m.

Total risk exposure amount

DLR's total risk exposure amount (REA) at the end of Q1 2019 is calculated as DKK 78.4bn, which is DKK 1.4bn more than at the end of 2018.

The period saw an increase in credit risk exposure of DKK 1.7bn and a fall in market risk exposure of DKK 0.3bn

Capital ratios

DLR's total capital ratio can thus be calculated as 16.7 at the end of Q1 2019, which is a fall of 0.2 percentage points relative to year-end 2018. The common equity tier 1 (CET 1) capital ratio was 15.9 compared to 16.0 at year-end 2018.

Including the result for the period would produce a total capital ratio of 17.0 and a CET 1 capital ratio of 16.1.

Capital and solvency

(DKKm)

	31 March 2019	31 December 2018
Equity	13,324	12,974
Profit etc. not recognised in tier 1 capital	-214	0
Deductions as a consequence of prudent valuation	-23	-24
Difference between expected losses and impairment losses	-636	-607
Deferred tax	0	0
Common equity tier 1 capital	12,451	12,344
Subordinated capital (tier 2 capital)	650	650
Own funds	13,101	12,994
Risk-weighted exposure with credit risk etc.	73,372	71,665
Risk-weighted exposure with market risk	2,647	2,994
Risk-weighted exposure with operational risk	2,415	2,415
Total risk-weighted exposure	78,435	77,074
Common equity tier 1 capital ratio	15.9%	16.0%
Total capital ratio	16.7%	16.9%

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 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 2018, available at www.dlr.dk/risk-reports.

Arrears and losses

As of the end of Q1 2019, mortgage payments outstanding amounted to DKK 139m versus DKK120m at year-end 2018. Of the amount in arrears, the bulk stems from mortgage payments that are less than 3½ months overdue.

DLR recorded a loss on 36 cases in Q1 2019 compared to 21 during the same period in 2018.

DLR held 14 foreclosed mortgages at the end of Q1 2019. The value of these properties amounted to DKK 72m at the end of Q1 compared to DKK 48m at year-end 2018.

Full-year outlook for 2019

DLR's Annual Report 2018 indicated expected core earnings for full-year 2019 of DKK 825-925m and a pre-tax profit of DKK 750-850m. After Q1 2019, DLR expects pre-tax profit for 2019 to be at the upper end of the range DKK 750-850m.

The main uncertainty with regard to the stated full-year expectations is portfolio earnings, which essentially consist of interest income and price movements on bond holdings, together with the operational impact of losses and impairments during the remainder of 2019.

Accounting policies

DLR's interim report for Q1 2019 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.

DLR's accounting policies are unchanged relative to the Annual Report for 2018.

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 2018 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.
- Managing Director Pernille Lohmann, tel. 33 42 08 74

Income statement and statement of comprehensive income

		(DKKm)	
Note		Q1 2019	Q1 2018
1	Interest income	786	791
2	Interest expenses	-348	-360
	Net interest income	438	431
	Share dividends etc.	0	0
	Fees and commission income	48	54
	Fees and commission paid	-144	-133
	Net interest and fee income	341	352
3	Market value adjustments	1	-61
	Other operating income	6	6
4-5	Staff costs and administrative expenses	-65	-68
	Depreciation and impairment of property, plant and equipment	-1	0
	Other operating expenses	-3	-3
6	Impairment of loans, advances, receivables, etc.	-5	1
	Profit before tax	275	225
7	Tax	-60	-49
	Profit after tax	214	175
<hr/>			
	Comprehensive income		
	Profit for the year	214	175
	<u>Attributable to:</u>		
	Shareholders of DLR Kredit A/S	214	175

Balance Sheet

(DKKm)

Note		31 March 2019	31 December 2018
	Assets		
	Cash balance and demand deposits with central banks	50	49
7	Due from credit institutions and central banks	2,336	2,858
8, 10-13	Loans, advances and other receivables at fair value	151,460	148,593
9	Loans, advances and other receivables at amortised cost	17	18
14	Bonds at fair value	9,131	8,894
	Shares etc.	51	51
15	Land and buildings, domicile properties	120	120
	Other tangible assets	5	4
	Current tax assets	129	21
	Assets held temporarily	72	48
16	Other assets	134	64
	Prepayments	26	19
	Total assets	163,529	160,738
	Equity and liabilities		
17	Issued bonds at fair value	140,147	137,911
18	Issued bonds at amortised cost	7,992	7,990
19	Other liabilities	1,404	1,203
	Deferred income	4	2
	Total debt	149,547	147,106
	Provisions for deferred tax	8	8
	Total provisions	8	8
	Subordinated debt	650	650
	Total subordinated debt	650	650
	Share capital	570	570
	Revaluation reserve	62	62
	Undistributable reserve	2,338	2,338
	Retained earnings etc.	10,355	10,004
	Total equity	13,324	12,974
	Total equity and liabilities	163,529	160,738
20	Off-balance sheet items		
	Guarantees	2	2
	Other contingent liabilities	8,232	7,184

Statement of changes in equity

(DKKm)

	Share capital	Revaluation	Undistributable reserve	Retained earnings	Total
2018					
Equity at 1 January	570	43	2,338	9,464	12,415
Profit for the year	0	0	0	707	707
Revaluation of property	0	24	0	0	
Tax on property revaluations	0	-5	0	0	-5
Acquisition of treasury shares	0	0	0	-167	-167
Equity at 31 December	570	62	2,338	10,004	12,974
2019					
Equity at 1 January	570	62	2,338	10,004	12,974
Comprehensive income	0	0	0	214	214
Disposal of treasury shares 2)	0	0	0	136	136
	0	0	0	0	0
Equity at 31 March	570	62	2,338	10,355	13,324

1) The share capital is divided into shares of DKK 1.00 each. The total number of shares is 569,964,023. DLR has one share class, and all

2) DLR held 23,263,284 treasury shares at 31 March 2019, corresponding to a nominal value of DKK 23.3 million. The portfolio of treasury shares accounts for 4.1% of the total share capital.

Capital and solvency

(DKKm)

	31 March 2019	31 December 2018
Equity	13,324	12,974
Profit etc. not recognised in tier 1 capital	-214	0
Deductions as a consequence of prudent valuation	-23	-24
Difference between expected losses and impairment losses	-636	-607
Deferred tax	0	0
Common equity tier 1 capital	12,451	12,344
Subordinated capital (tier 2 capital)	650	650
Own funds	13,101	12,994
Risk-weighted exposure with credit risk etc.	73,372	71,665
Risk-weighted exposure with market risk	2,647	2,994
Risk-weighted exposure with operational risk	2,415	2,415
Total risk-weighted exposure	78,435	77,074
Common equity tier 1 capital ratio	15.9%	16.0%
Total capital ratio	16.7%	16.9%

List of notes to the financial statements

No. Name of note

Notes to the financial statements - income statement

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- 2 Interest expenses
- 3 Market value adjustments
- 4 Staff costs and administrative expenses
- 5 Remuneration for members of the Executive Board and the Board of Directors etc.
- 6 Remuneration for members of the Board of Directors etc.

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- 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
- 13 Impairment - other financial assets
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- 21 Contingent assets

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Notes - income statement
(DKKm)

Note		Q1 2019	Q1 2018
1	Interest income		
	Due from credit institutions and central banks *	0	0
	Loans and advances	355	369
	Contributions	401	385
	Bonds	29	41
	Other interest income	18	16
	Total interest income	803	812
	Interest on own mortgage bonds offset against interest on issued bonds	-16	-20
	Total	786	791
	* Of which interest income from reverse repo transactions	0	0
2	Interest expenses		
	Credit institutions and central banks *	0	-1
	Issued bonds at fair value	-354	-367
	Issued bonds at amortised cost	-6	-8
	Other interest expenses	-4	-4
	Total	-365	-381
	Interest on own mortgage bonds offset against interest on issued bonds	16	20
	Total	-348	-360
	* Of which interest expenses on repo transactions	0	0
3	Market value adjustments		
	Mortgage loans	1,041	-207
	Bonds	-1	-44
	Shares etc.	0	0
	Other assets	0	0
	Foreign currency	1	-1
	Derivative financial instruments	1	-17
	Issued bonds	-1,041	207
	Total	1	-61

Notes - income statement

		(DKKm)	
Note		Q1 2019	Q1 2018
4	Staff costs and administrative expenses		
	Staff costs		
	Salaries	-36	-36
	Pension costs	-3	-3
	Social security costs	-5	-5
	Total	-44	-45
	Other administrative expenses		
	IT expenses	-10	-12
	Audit, financial supervision and industry association	-1	0
	Other expenses	-9	-12
	Total	-21	-24
	Total staff costs and administrative expenses	-65	-68
5	Remuneration for members of the Executive Board and the Board of Directors etc.		
	Fixed remuneration	2.4	2.2
	Variable remuneration	0.0	0.0
	Total	2.4	2.2
	Number of members of the executive management - end of period*	2	2
	* In first quarter of 2019 the members of the executive management consisted of 2 members. But as of the 1st of April Pernille Lohmann entered the executive management, which hereafter consists of 3 members.		
6	Impairment of loans, advances, receivables, etc.		
	Losses in the period	-29	-9
	Amounts received on claims previously written off	1	1
	Impairment losses in the period	-50	-42
	Reversal of impairment losses	65	46
	Losses offset against commission payments to banks	8	4
	Total	-5	1

Notes - assets

		(DKKm)	
		31 March 2018	31 December 2017
7	Due from credit institutions and central banks		
	Due from central banks	1,944	1,881
	Due from credit institutions	392	977
	Total amount due from credit institutions and central banks	2,336	2,858
	DLR had not entered into any reverse repo transactions in 2019 or in 2018		
8	Loans, advances and other receivables at fair value		
	Mortgage loans, nominal value	148,181	146,392
	Adjustment to fair value of underlying bonds	3,654	2,611
	Adjustment for credit risk	-494	-517
	Mortgage loans at fair value	151,342	148,486
	Arrears before impairment losses	139	120
	Other loans and outlays before impairment losses	3	3
	Impairment losses on arrears and outlays	-24	-16
	Total	151,460	148,593
9	Loans, advances and other receivables at amortised cost		
	Loans and advances	22	22
	Adjustment for credit risk	-5	-4
	Total	17	18
10	Mortgage loans (nominal value) by property category (as a percentage)		
	Agricultural properties	59	60
	Owner-occupied dwellings	5	5
	Subsidised rental housing properties	0	0
	Private rental housing properties	17	17
	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, %	100	100
11	Number of loans - end of period	62,942	62,280

12 Impairment of loans, advances and other receivables

	2019			
	Stage 1	Stage 2	Stage 3	Total
Impairment of loans, advances and other receivables at fair value				
Beginning of period	5	244	284	533
Change in period	0	1	-17	-16
End of period	5	245	267	517
Loans, advances and other receivables at amortised cost	Stage 1	Stage 2	Stage 3	Total
Beginning of period	0	2	2	4
Change in period	0	0	1	1
End of period	0	2	3	5
Impairment of loans - total	5	247	270	522

	2018			
	Stage 1	Stage 2	Stage 3	Total
Impairment of loans, advances and other receivables at fair value				
Beginning of period	2	244	273	519
Change in period	3	0	11	14
End of period	5	244	284	533
Loans, advances and other receivables at amortised cost	Stage 1	Stage 2	Stage 3	Total
Beginning of period	0	2	3	5
Change in period	0	0	-1	-1
End of period	0	2	2	4
Impairment of loans - total	5	246	286	537

There were no financial assets which were credit-impaired on initial recognition in 2018 or 2019.

13 Impairment - other financial assets

	2019			
	Stage 1	Stage 2	Stage 3	Total
Impairment of cash and demand deposits with central banks	0	0	0	0
Impairment of receivables with credit institutions and central banks	0	0	0	0

	2018			
	Stage 1	Stage 2	Stage 3	Total
Impairment of cash and demand deposits with central banks	0	0	0	0
Impairment of receivables with credit institutions and central banks	0	0	0	0

No other financial assets which were credit-impaired on initial recognition have been recognised in 2018 or 2019.

Notes - assets

(DKKm)

	31 March 2018	31 December 2017
14 Bonds at fair value		
- Own mortgage bonds	19,234	22,561
- Other mortgage bonds	8,420	8,183
- Government bonds	710	711
Bonds - gross	28,365	31,455
Own mortgage bonds offset against issued bonds	-19,234	-22,561
Total	9,131	8,894
15 Land and buildings, domicile properties		
Fair value, beginning of year	120	97
Additions during the year	0	0
Depreciation	0	-1
Value changes recognised in other comprehensive income	0	24
Fair value, end of period	120	120
Domicile properties are valued on an annual basis by DLR's valuation experts.		
16 Other assets		
Positive market value of derivative financial instruments etc.	10	7
Interest and commission receivable	37	38
Other receivables	88	19
Total	134	64

Notes - liabilities etc.

(DKKm)

	31 March 2018	31 December 2017
17		
Issued bonds at fair value		
Mortgage bonds - nominal value	155,658	157,762
Fair value adjustment	3,723	2,710
Issued bonds - gross	159,381	160,472
Offsetting of own mortgage bonds - fair value	-19,234	-22,561
Total	140,147	137,911
Of which pre-issued, market value	3,449	5,996
Cash value of bonds drawn for redemption at next repayment date (settlement price)	1,510	2,647
18		
Issued bonds at amortised cost		
Issues in connection with senior debt	7,992	7,990
Offsetting of own bonds	0	0
Total	7,992	7,990
19		
Other liabilities		
Negative market value of derivative financial instruments etc.	5	10
Interest and commission payable	1,142	961
Other liabilities	257	232
Total	1,404	1,203
20		
Off-balance sheet items		
Guarantees etc.		
Financial guarantees	2	2
Other guarantees	0	0
Total	2	2
Other contingent liabilities		
Irrevocable credit commitments (loan offers)	8,232	7,184
Total	8,234	7,186

In addition to the above guarantees and contingent liabilities, DLR's bond portfolio is used as intraday collateral in connection with settlement of interest and drawings on DLR's outstanding bonds. This is not expected to entail an outflow of the Company's financial resources.

21 **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 is expected to be able to offset any losses against future commission to the extent that impairment losses on exposures materialise as actual losses.

Notes - key figures (DKKm)

22	Key figures - Q1	2019	2018	2017	2016	2015
	Income statement					
	Net interest and fee income	341	352	342	346	381
	Other operating income etc.	6	6	4	4	5
	Staff costs and administrative expenses etc.	-68	-72	-64	-61	-56
	Earnings	279	286	283	289	330
	Impairment of loans, advances and receivables	-5	1	17	-27	-39
	Market value adjustments	1	-61	3	-12	40
	Profit before tax	275	225	303	249	331
	Profit after tax	214	175	236	194	253
	Balance sheet - Q1	2019	2018	2017	2016	2015
	Assets					
	Loans and advances	151,477	143,768	140,060	134,237	133,548
	Bonds, shares, etc.	9,181	11,028	11,471	11,623	9,237
	Other assets	2,871	3,954	3,361	2,413	6,636
	Total assets	163,529	158,750	154,892	148,274	149,421
	Equity and liabilities					
	Issued bonds	148,139	144,171	140,928	134,797	132,597
	Other liabilities	1,416	1,339	1,458	1,342	3,921
	Subordinated debt	650	650	0	0	752
	Equity	13,324	12,590	12,506	12,135	12,151
	Total equity and liabilities	163,529	158,750	154,892	148,274	149,421

Notes - financial ratios (DKKm)

23	Financial ratios	2019	2018	2017	2016	2015
	Return on equity					
	Profit before tax in per cent of equity *)	2.1	1.8	2.4	2.0	2.8
	Profit after tax in per cent of equity *)	1.6	1.4	1.9	1.6	2.1
	Return on capital employed					
	Return on capital employed *)	0.13	0.11	0.15	0.13	0.17
	Costs					
	Costs in per cent of loan portfolio	0.05	0.05	0.05	0.04	0.04
	Income/cost ratio *)	4.7	4.2	7.4	3.8	4.5
	Income/cost ratio, excl. impairment losses	5.1	4.1	5.5	5.7	7.6
	Solvency **)					
	Total capital ratio	16.7	15.9	14.7	14.8	12.4
	Tier 1 capital ratio	15.9	15.0	14.7	14.8	12.4
	Common equity tier 1 capital ratio	15.9	15.0	13.0	13.1	10.8
	Arrears and impairment losses					
	Arrears, end of period (DKKm)	139	122	126	124	127
	Impairment ratio for the period *)	0.00	0.00	0.00	0.00	0.03
	Accumulated impairment ratio	0.34	0.36	0.42	0.43	0.43
	Lending activity					
	Growth in loan portfolio, per cent (nominal) *)	1.2	0.6	0.5	0.5	-0.4
	New loans, gross (DKKm)	6,884	6,313	5,904	3,914	8,392
	Number of new loans	2,225	2,061	1,989	1,353	3,092
	Loan/equity ratio *)	11.4	11.4	11.2	11.1	11.0
	Margins					
	Percentage of average loan portfolio (nominal):					
	Profit before tax	0.19	0.16	0.22	0.19	0.25
	Administration margin income in per cent of average loan portfolio	0.27	0.27	0.27	0.27	0.27
	Percentage of tier 1 capital after deductions					
	Foreign exchange position as a percentage of tier 1 capital after deductions	4.3	6.6	12.3	14.7	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 2016-2019, as opposed to prior-year figures, which are based fully on the standard method.

Notes - other notes

24 Reconciliation of income statement for "core and portfolio earnings" against "official statements"

	Core earnings	Portfolio earnings	Total
	2019	2019	2019
Interest income	760	27	786
Interest expenses	-348		-348
Net interest income	411	27	438
Share dividends etc.	0		0
Fees and commission received	48		48
Fees and commission paid	-144		-144
Net interest and fee income	315	27	341
Market value adjustments	0	1	1
Other operating income	6		6
Staff costs and administrative expenses	-65		-65
Depreciation and impairment of property, plant and equipment	-1		-1
Other operating expenses	-3		-3
Impairment of loans, advances, receivables, etc.	-5		-5
Profit before tax	247	27	275
Tax	-60		-60
Profit after tax	187	27	214

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and approved this interim report of DLR Kredit A/S for the period 1 January – 31 March 2019.

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 Report provides a true and 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 and the interim financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2019 and of the results of the Company's operations for the period 1 January – 31 March 2019.

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

Copenhagen, 30 April 2019

Executive Board

Jens Kr. A. Møller
CEO

Michael Jensen
Managing Director

Pernille Lohmann
Managing Director

Board of Directors

Vagn Hansen
Chairman

Lars Møller
Vice Chairman

Claus Andersen

Randi Holm Franke

Peter Gæmelke

Jakob G. Hald

Kim Hansen

Søren Jensen

Gert R. Jonassen

Agnete Kjærsgaard

Bjarne Larsen

Lars Petersson