

INTERIM REPORT

Q1–Q3 2018



CONTENTS

Management Report

Financial summary Q1-Q3 2018	3
Financial highlights	3
Executive summary	5
Financial review	5
Capital and solvency	8
Risk	9
Full-year outlook for 2018	9
Accounting policies	9
Further information	10
Contacts	10
Statement by the Board of Directors and the Executive Board	25



Financial summary Q1-Q3 2018

- Core income amounted to DKK 956m, which is an increase of DKK 23m compared to the same period in 2017.
- Losses and impairments constituted an expense of DKK 7m.
- Pre-tax profit amounted to DKK 699m.
- DLR's guidance for full-year 2018 pre-tax profit has been revised to DKK 800-900m.
- DLR's net lending to agricultural and business customers totalled DKK 3.4bn.

Financial highlights

Profit and Loss Account

(DKK)m	Q1-Q3 2018	Q1-Q3 2017	Ratio 18/17	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Administration fee income	1,163	1,127	103	390	388	385	381
Other core income, net	73	63	117	27	22	24	28
Interest expenses, senior debt and subordinated debt	-36	-35	103	-12	-12	-12	-8
Fee and commission income, net	-245	-222	110	-93	-73	-79	-35
Core income (mortgage credit income)	956	933	102	313	325	318	360
Staff costs and administrative expenses, etc.	-204	-186	110	-66	-69	-69	-69
Other operating expenses	-8	-9	92	-2	-3	-3	-3
Provision for loan and receivable impairment, etc.	-7	115		-7	-1	1	-21
Results from core activities	737	854	86	237	253	247	267
Portfolio earnings (securities)	-37	44		-8	-7	-22	-39
Profit before tax	699	898	78	228	246	225	228
Profit after tax	545	702	78	178	192	175	178

Balance Sheet at 30 September

(DKKm)	Q3 2018	Q3 2017	Ratio 18/17	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Assets							
Loans and advances	146,505	141,995	103	146,505	144,483	143,768	143,061
Bonds and shares	9,039	12,366	73	9,039	9,912	11,028	11,855
Other assets	3,358	4,415	76	3,358	3,534	3,954	8,458
Total assets	158,902	158,776	100	158,902	157,929	158,750	163,375
Liabilities and equity							
Issued bonds	144,079	144,193	100	144,079	143,413	144,171	148,972
Other debt and payables	1,385	1,697	82	1,385	1,083	1,339	1,338
Subordinated debt	650	650		650	650	650	650
Equity	12,789	12,236	105	12,789	12,782	12,590	12,415
Total liabilities and equity	158,902	158,776	100	158,902	157,929	158,750	163,375

Financial ratios *

	Q3 2018	Q3 2017	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Return on equity (ROE)						
Profit before tax in pc of equity	5.5%	7.3%	1.8%	1.9%	1.8%	1.9%
Profit after tax in pc of equity	4.3%	5.7%	1.4%	1.5%	1.4%	1.4%
Solvency						
Capital ratio	16.4%	14.8%	16.4%	16.5%	15.9%	15.9%
Lending Activity						
Growth in loan portfolio, pc (nominel)	2.5	1.5	1.5	0.4	0.6	0.7
New loans, gross (DKKm)	19,612	22,023	7,101	6,198	6,313	13,191

*) 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-Q3:

“DLR’s pre-tax profit for Q1-Q3 2018 of DKK 699m is satisfactory and better than expected.

Profits continue to be influenced by positive loan portfolio growth that has resulted in rising administration and fee income even though the average administration margin is unchanged.

The effect of the summer drought on the finances of the agricultural sector has been very much in focus in recent months. So far, DLR has not noted any negative impact on the ability of agricultural customers to service their debts, while DLR’s level of impairments in Q3 has likewise been only marginally affected by the unusually dry summer weather.

While DLR agrees with assessments of the drought’s impact on crop yields, DLR expects that arable farmers have to some extent been compensated for reduced crop yields by lower harvesting costs and higher sales prices.

With respect to dairy operations, estimates for fodder harvests greatly improved across much of the country after the summer. As milk prices are also at a higher level than forecast earlier in the year, DLR estimates that liquidity in the dairy sector will generally be acceptable this year.

For pork producers, regardless of whether production is based on home-grown grain or purchased feed, this summer’s drought will affect farm finances through reduced crop yields and rising prices on purchased feed. Moreover, pork

product and weaner pig prices are at unsatisfactory levels and are expected to remain there for the rest of 2018. Given this, DLR expects earnings to be unsatisfactory across the sector this year, though this should be seen against very satisfactory earnings in the pig industry in 2016 and 2017, while 2019 holds the prospect of improved terms of trade for pork producers.

Hence, given also its loss-mitigating agreements with loan-distributing banks, DLR does not expect this summer’s drought to have any significant negative impact on earnings in 2018.”

Financial review

Income statement

DLR achieved a satisfactory pre-tax profit of DKK 699m for the period Q1-Q3 2018.

Net profit was DKK 545m.

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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Staff costs and administrative expenses, etc.	-204	-186	110	-66	-69	-69	-69
Other operating expenses	-8	-9	92	-2	-3	-3	-3
Provision for loan and receivable impairment, etc.	-7	115		-7	-1	1	-21
Results from core activities	737	854	86	237	253	247	267
Portfolio earnings (securities)	-37	44		-8	-7	-22	-39
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Profit after tax	545	702	78	178	192	175	178

Core earnings

Administration margin income amounted to DKK 1,163m, which is DKK 36m up on the same period in 2017. The increase is mainly due to the loan portfolio expanding.

Interest expenses on senior and subordinated debt amounted to DKK 36m, which represents an increase of DKK 1m.

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 245m, which is DKK 23m more than for the same period in 2017. The higher net expense was due to an increase in fee and commission income of DKK 13m combined with an increase in fee and commission expenses of DKK 36m, which stemmed from the expanding loan portfolio and the resulting increase in expenses related to loss-guarantee commissions, etc.

Core income was subsequently DKK 956m, which is DKK 23m up on the same period in 2017.

Staff and administration expenses, etc. amounted to DKK 204m, an increase of DKK 18m on the same period in 2017. The increase was in part due to DLR taking over the administration of Landbrugets Finansieringsinstitut (LFI) from 1 November 2017. In addition, DLR's headcount increased, mainly

in the lending organisation, plus IT expenses rose, in part to fund the development of DLR's digital advisory platform.

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 7m. The amount covers the following items:

- Realised losses, etc. DKK -18m
- Net change in impairments DKK +1m
- Included in previously written off receivables DKK +3m
- Losses offset in commission payments from the banks DKK +7m

Portfolio earnings

Portfolio earnings amounted to an expense of DKK 37m. The reason for the negative portfolio result is that DLR invests the bulk of its securities holdings in short mortgage bonds, where return has been negative.

DLR's investment portfolio (securities excl. temporary liquidity) totalled DKK 23.1bn at the end of Q3 2018.

Allocation of comprehensive income for the period

The period's comprehensive income amounted to DKK 545m, which has been added to DLR's equity capital.

Balance

Mortgage credit lending amounted to DKK 144.2bn (nominal) at the end of Q3 2018.

DLR's bond holdings totalled DKK 28.0bn. Of this, DLR's portfolio of own bonds accounted for DKK 19.0bn, which is netted in "Issued bonds at fair value", while DKK 9.0bn was attributable to positions in government securities and other mortgage bonds.

As well as bond holdings of DKK 28.0bn, DLR held other securities assets in the form of receivables from credit institutions and receivable interest on securities totalling DKK 3.1bn, thus giving a total securities holding of DKK 31.1bn (gross) at the end of Q3 2018.

Temporary liquidity connected with mortgage payments, loan redemptions, refinancing auctions and the refinancing of senior debt comprised DKK 8.0bn, in all, of the securities holding, so the investment holding was therefore DKK 23.1bn.

DLR's balance sheet stood at DKK 158.9bn at the end of Q3 2018.

Capital and solvency

Capital base

DLR's capital base at the end of Q3 2018 does not include the result for the period, as the accounts have not been audited. DLR's capital base was reduced by DKK 125m during the period, of which DKK 172m was attributable to share buybacks, while various minor influences on the capital base pulled in the opposite direction.

Total risk exposure amount

DLR's total risk exposure amount (REA) at the end of Q3 2018 is calculated as DKK 74.8bn, which is DKK 3bn lower than at the end of 2017. The period saw a reduction

in credit risk exposure of DKK 1.5bn and a fall in market risk exposure of DKK 1.5bn

Capital ratios

DLR's total capital ratio can thus be calculated as 16.4 at the end of Q3 2018, which is an increase of 0.5 percentage points relative to year-end 2017. The common equity tier 1 (CET 1) capital ratio was 15.5 compared to 15.1 at year-end 2017.

Including the result for the period would produce a total capital ratio of 17.1 and a CET 1 capital ratio of 16.2.

Capital and solvency (DKKm)

	30 September 2018	31 December 2017
Equity	12,789	12,415
Profit not recognised in equity	-545	0
Deductions as a consequence of prudent valuation	-25	-26
Difference between expected losses and impairment losses	-621	-667
Deferred tax	0	0
Common equity tier 1 capital	11,597	11,722
Subordinated capital (tier 2 capital)	650	650
Own funds	12,247	12,372
Risk-weighted exposure with credit risk, etc.	70,274	71,804
Risk-weighted exposure with market risk	2,155	3,667
Risk-weighted exposure with operational risk	2,401	2,401
Total risk-weighted exposure	74,831	77,872
Common equity tier 1 capital ratio	15.5%	15.1%
Total capital ratio	16.4%	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 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 2017, available at www.dlr.dk/risk-reports.

Arrears and losses

As of the end of Q3 2018, mortgage payments outstanding amounted to DKK 137m versus 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 51 cases in Q1-Q3 2018 compared to 104 during the same period in 2017.

DLR held 15 foreclosed mortgages at the end of Q3 2018. The value of these properties amounted to DKK 46m at the end of Q3 compared to DKK 35m at year-end 2017.

Full-year outlook for 2018

DLR's Annual Report 2017 indicated expected core earnings for full-year 2018 of DKK 800-900m and a pre-tax profit of DKK 700-800m. After Q3 2018, DLR expects pre-tax profit for 2018 to be DKK 800-900m.

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 2018.

Accounting policies

DLR's interim report for Q1-Q3 2018 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 in relation to the Annual Report for 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

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tel. 33 42 07 06.

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

Note		Q1 - Q3 2018	Q1 - Q3 2017
1	Interest income	2,341	2,506
2	Interest expenses	-1,051	-1,232
	Net interest income	1,291	1,274
	Share dividends etc.	0	0
	Fee and commission income	156	143
	Fee and commission paid	-401	-365
	Net interest and fee income	1,046	1,052
3	Market value adjustments	-148	-88
	Other operating income	20	14
4-5	Staff costs and administrative expenses	-203	-184
	Depreciation and impairment of property, plant and equipment	-2	-2
	Other operating expenses	-8	-9
6	Impairment of loans, advances, receivables, etc.	-7	115
	Profit before tax	699	898
	Tax	-154	-196
	Profit after tax	545	702
	Statement of comprehensive income		
	Profit after tax	545	702
	Comprehensive income	545	702
	<u>Attributable to:</u>		
	Shareholders of DLR Kredit A/S	545	629
	Owners of additional tier 1 capital	0	73
	Total comprehensive income	545	702

Balance Sheet (DKKm)

Note		30 September 2018	31 December 2017
	Assets		
	Cash balance and demand deposits with central banks	50	50
7	Due from credit institutions and central banks	3,047	7,951
8, 10-12	Loans, advances and other receivables at fair value	146,487	143,042
9	Loans, advances and other receivables at amortised cost	18	19
13	Bonds at fair value	8,993	11,810
	Shares, etc.	46	46
14	Land and buildings, domicile properties	96	97
	Other tangible assets	3	4
	Current tax receivables	24	27
	Assets held temporarily	46	35
15	Other assets	71	272
	Prepayments	21	22
	Total assets	158,902	163,375
	Liabilities and equity		
16	Issued bonds at fair value	135,090	139,972
17	Issued bonds at amortised cost	8,989	9,000
18	Other liabilities	1,379	1,331
	Deferred income	3	4
	Total debt	145,461	150,307
	Provisions for deferred tax	3	3
	Total provisions	3	3
	Subordinated debt	650	650
	Subordinated debt	650	650
	Share capital	570	570
	Revaluation reserve	43	43
	Undistributable reserve	2,338	2,338
	Retained earnings	9,838	9,464
	Total equity	12,789	12,415
	Total liabilities and equity	158,902	163,375
19	Off-balance sheet items		
	Guarantees	2	7
	Other liabilities	7,023	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>						
Sale 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	545	0	545
Acquisition of treasury shares 3)	0	0	0	-172	0	-172
Equity at 30 September	570	43	2,338	9,838	0	12,789

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 29,617,587 treasury shares at 30/09 2018, corresponding to a nominal value of DKK 29.6 million. The portfolio of treasury shares accounts for 5.2% of the total share capital.

Capital and solvency (DKKm)

	30 September 2018	31 December 2017
Equity	12,789	12,415
Profit not recognised in equity	-545	0
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Total risk-weighted exposure	74,831	77,872
Common equity tier 1 capital ratio	15.5%	15.1%
Total capital ratio	16.4%	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
22	Financial ratios
Notes - other notes (DKKm)	
23	Reconciliation of income statement "basic portfolio earnings" vs "official statements"

Notes - income statement (DKKm)

Note		Q1 - Q3 2018	Q1 - Q3 2017
1	Interest income		
	Due from credit institutions and central banks	1	0
	Loans and advances	1,085	1,264
	Contributions	1,163	1,127
	Bonds	116	137
	Other interest income	45	39
	Total interest income	2,409	2,568
	Interest on own mortgage bonds offset against interest on issued bonds	-68	-61
	Total	2,341	2,506
	Of which interest income from repo transactions:		
	Due from credit institutions and central banks	0	0
2	Interest expenses		
	Credit institutions and central banks	-3	-2
	Issued bonds at fair value	-1,084	-1,257
	Issued bonds at amortised cost	0	-35
	Other interest expenses	-12	0
	Total	-1,118	-1,294
	Interest on own mortgage bonds offset against interest on issued bonds	68	61
	Total	-1,051	-1,232
	Of which interest expenses on repo transactions:		
	Debt to credit institutions and central banks	0	0
3	Market value adjustments		
	Mortgage loans	151	717
	Bonds	-154	-93
	Shares etc.	0	0
	Other assets	0	0
	Foreign currency	4	4
	Derivative financial instruments	1	0
	Issued bonds	-151	-717
	Total	-148	-88

Notes - income statement (DKKm)

Note		Q1 - Q3 2018	Q1 - Q3 2017
4	Staff costs and administrative expenses		
	Staff costs		
	Salaries *	-104	-96
	Pension costs	-9	-8
	Social security costs	-16	-15
	Total	-128	-119
	Other administrative expenses		
	IT expenses	-35	-32
	Audit, supervision and industry association	-4	-6
	Other expenses	-35	-27
	Total	-74	-65
	Total staff and administrative expenses	-203	-184
5	Remuneration to members of the Executive Board, Board of Directors, etc.		
	Fixed remuneration	5.3	5.1
	Variable remuneration	0.0	0.0
	Total	5.3	5.1
	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	-18	-47
	Amounts received on claims previously written off	3	2
	Impairment losses in the period	-97	-65
	Reversal of impairment losses	98	173
	Losses offset against commission payments to banks	7	53
	Total	-7	115

Notes - assets (DKKm)

Note	30 September 2018	31 December 2017
7 Due from credit institutions and central banks		
Due from credit institutions and central banks	3,047	7,951
Total amount due from credit institutions and central banks	3,047	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	144,176	140,653
Adjustment to fair value of underlying bonds	2,692	2,843
Adjustment for credit risk	-501	-504
Mortgage loans at fair value	146,368	142,992
Arrears before impairment losses	137	101
Other loans and outlays before impairment losses	0	-36
Impairment losses on arrears and outlays	-17	-16
Total	146,487	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	60	62
Owner-occupied dwellings	5	6
Subsidised rental housing properties	0	0
Private rental housing properties	16	15
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	61,671	60,212

Notes - assets (DKKm)

Note	30 September 2018	31 December 2017
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	1.6	
Change of period	0.7	
End of period	2.3	
Stage 2: Impairment of loans with significant increase in credit risk		
Beginning of period	244.4	
Change of period	4.2	
End of period	248.6	
Stage 3: Impairment of loans which are credit impaired		
Beginning of period	273.5	
Change of period	-6.2	
End of period	267.3	
Impairment of loans, advances and other receivables at fair value - end of period	518.2	
Impairment of loans, advances and other receivables at amortised cost		
Stage 1: Impairment of loans without significant increase in credit risk		
Beginning of period	0.0	
Change of period	0.0	
End of period	0.0	
Stage 2: Impairment of loans with significant increase in credit risk		
Beginning of period	2.0	
Change of period	0.0	
End of period	2.0	
Stage 3: Impairment of loans which are credit impaired		
Beginning of period	2.8	
Change of period	0.0	
End of period	2.8	
Impairment of loans, advances and other receivables at amortised cost - end of period	4.8	
Individual impairment losses		278.3
Collective impairment losses		246.0
Total		524.3
	523.0	524.3

* Impairment of loans, advances and other receivables in 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	30 September 2018	31 December 2017
13 Bonds at fair value		
- Own mortgage bonds	19,002	30,307
- Other mortgage bonds	8,293	10,243
- Government bonds	701	1,567
Bonds - gross	27,995	42,117
Own mortgage bonds offset against issued bonds	-19,002	-30,307
Total	8,993	11,810
14 Land and buildings, domicile properties		
Fair value, beginning of year	97	98
Additions during the year	0	0
Depreciation	-1	-1
Value changes recognised in other comprehensive income	0	0
Fair value, end of period	96	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.	4	4
Interest and commission receivable	49	85
Other receivables	19	183
Total	71	272
16 Issued bonds at fair value		
Mortgage bonds - nominal value	151,346	167,176
Fair value adjustment	2,746	3,103
Issued bonds - gross	154,092	170,279
Offsetting of own mortgage bonds - fair value	-19,002	-30,307
Total	135,090	139,972
Of which pre-issued, market value	1,772	13,291
Cash value of bonds drawn for redemption at next repayment date (settlement price)	1,598	8,321

Notes - liabilities etc. (DKKm)

Note	30 September 2018	31 December 2017
17 Issued bonds at amortised cost		
Issues in connection with senior debt	8,989	9,000
Offsetting of own bonds	0	0
Total	8,989	9,000
18 Other liabilities		
Negative market value of derivative financial instruments	4	5
Interest and commission payable	1,155	1,079
Other liabilities	220	247
Total	1,379	1,331
19 Off-balance sheet items		
Guarantees etc.		
Financial guarantees	0	3
Other guarantees	2	4
Total	2	7
Other contingent liabilities		
Irrevocable credit commitments (loan offers)	7,023	4,953
Total	7,025	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	Q1 - Q3 2018	Q1 - Q3 2017	Q1 - Q3 2016	Q1 - Q3 2015	Q1 - Q3 2014
21	Key figures				
	Income statement				
	1,046	1,052	1,036	1,110	990
	20	14	13	13	13
	-213	-195	-183	-162	-154
	854	871	866	961	849
	-7	115	-71	-55	-66
	-148	-88	-23	-279	-119
	699	898	772	627	664
	545	702	603	480	501
	Balance sheet				
	Q3	Q3	Q3	Q3	Q3
	2018	2017	2016	2015	2014
	Assets				
	146,505	141,995	137,875	132,235	133,608
	9,039	12,366	14,970	9,691	9,056
	3,358	4,415	3,964	4,368	4,065
	158,902	158,776	156,809	146,294	146,729
	Equity and liabilities				
	144,079	144,193	143,032	131,402	130,573
	1,385	1,697	1,706	2,557	3,591
	650	650	0	0	2,061
	12,789	12,236	12,072	12,334	10,504
	158,902	158,776	156,809	146,294	146,729

Notes - financial ratios

Note	Q1 - Q3 2018	Q1 - Q3 2017	Q1 - Q3 2016	Q1 - Q3 2015	Q1 - Q3 2014
22	Financial ratios				
	Return on equity				
	5.5	7.3	6.3	5.2	6.5
	4.3	5.7	4.9	4.0	4.9
	Return on capital employed				
	0.3	0.4	0.4	0.3	0.3
	Costs				
	0.1	0.1	0.1	0.1	0.1
	4.2	12.2	4.0	3.5	4.0
	4.3	5.0	5.6	4.7	5.8
	Solvency **)				
	16.4	14.8	14.1	12.4	12.4
	15.5	14.8	14.1	12.4	12.4
	Arrears and impairment losses				
	137	124	137	139	128
	0.00	-0.08	0.08	0.04	0.05
	0.36	0.35	0.44	0.43	0.31
	Lending activity				
	2.5	1.5	2.6	0.1	-0.6
	19,612	22,023	14,306	17,247	13,393
	6,055	6,432	4,578	6,684	4,219
	11.5	11.6	11.4	12.0	12.7
	Margins				
	Percentage of average loan portfolio (nominal):				
	0.49	0.65	0.58	0.41	0.50
	0.82	0.81	0.81	0.82	0.80
	Percentage of tier 1 capital after deductions:				
	4.2	9.3	9.1	4.4	2.8

(*) 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.

***) DLR Kredit usually calculate the Total capital ratio and the Tier 1 capital ratio in the interim report excluding profit for the period. However in the years 2014 - 2016 it was calculated including profit for the period, due to audit procedures of the profit for the period.

Notes - other notes (DKKm)

	Basic earnings	Portfolio earnings	Total
	Q1 - Q3 2018	Q1 - Q3 2,018	Q1 - Q3 2018
23 Reconciliation of income statement "basic portfolio earnings" vs "official statements"			
Interest income	2,231	111	2,341
Interest expenses	-1,051		-1,051
Net interest income	1,180	111	1,291
Share dividends etc.	0		0
Fees and commission received	156		156
Fees and commission paid	-401		-401
Net interest and fee income	935	111	1,046
Market value adjustments	0	-148	-148
Other operating income	20		20
Staff costs and administrative expenses	-203		-203
Depreciation and impairment of property, plant and equipment	-2		-2
Other operating expenses	-8		-8
Impairment of loans, advances, receivables, etc.	-7		-7
Profit before tax	737	-37	699
Tax	-154		-154
Profit after tax	583	-37	545

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 – 30 September 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 Report provides a true and fair review of developments in the Compa-

ny'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 30 September 2018 and of the results of the Company's operations for the period 1 January – 30 September 2018.

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

Copenhagen, 25 October 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 Holm Franke

Peter Gæmelke

Jakob G. Hald

Kim Hansen

Søren Jensen

Gert R. Jonassen

Agnete Kjærsgaard

Bjarne Larsen

Lars Petersson