

Interim report Q1 2023



Contents

Management's review	3
Financial highlights	4
Q1 2023 - Highlights	6
CEO statement	7
Comments on the results for Q1 2023	9
Capital and solvency	12
Risk factors	14
Outlook for 2023	14
Accounting policies	15
Events after the balance sheet date	15
Additional information	15
Contacts	16
Financial statements Q1 2023	17
Management's statement	38



DLR at a glance

DLR is a mortgage credit institution owned primarily by local and national banks that collaborate with DLR.

DLR has no local representation, as loans are distributed through the branch networks of DLR's shareholder banks.

DLR provides mortgage loans for the purpose of financing agricultural and commercial property in Denmark. DLR has been financing Danish agriculture since 1960, when DLR was originally established as Dansk Landbrugs Realkreditfond. The activities were extended in 2001 to include the financing of commercial property more broadly, and this lending area has now grown to represent close to half of the loan portfolio. DLR also grants loans in Greenland and the Faroe Islands, primarily for owner-occupied homes and residential rental properties and, on a smaller scale, also for office and retail properties. DLR's overriding risk is credit risk, i.e. the risk that borrowers default on their loans with DLR. Credit risk is limited by collateral in the form of DLR's mortgages on the properties and also by the guarantee and loss-mitigating agreements DLR has signed with its loan-distributing shareholder banks.

Financial highlights¹

Profit and Loss Account, DKKm	Q1 2023	Q1 2022	Ratio 23/22	Q4 2022	Q3 2022	Q2 2022	Q3 2022
Administration fee income	480	467	103	479	476	473	467
Other core income, net	25	43	59	29	53	42	43
Interest expenses, senior debt and subordinated debt	-20	-15	133	-40	-24	-16	-15
Fee and commission income, net	-155	-137	113	-130	-113	-112	-137
Core income (mortgage credit income)	331	358	92	338	392	387	358
Staff costs and administrative expenses, etc.	-88	-84	104	-81	-81	-80	-84
Other operating expenses	-5	-5	103	-5	-5	-5	-5
Results from core activities	239	270	88	253	307	302	270
Provision for loan and receivable impairment, etc.	0	-8		19	-2	1	-8
Portfolio earnings (securities)	171	-66		101	-112	-138	-66
Profit before tax	411	197	209	373	193	166	197
Profit after tax	308	153	201	290	152	125	153
Balance Sheet at 31 March	Q1 2023	Q1 2022	Ratio 23/22	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Assets							
Loans and advances	173,036	171,699	101	169,920	165,512	169,289	171,699
Bonds and shares	10,174	6,754	151	8,141	10,419	7,706	6,754
Other assets	2,999	2,612	115	2,183	5,148	2,813	2,612
Total assets	186,209	181,065	103	180,244	181,080	179,807	181,065
Liabilities and equity							
Issued bonds	166,380	162,802	102	161,707	162,392	161,868	162,802
Other debt and payables	2,432	1,739	140	1,448	1,887	1,287	1,739
Subordinated debt	1,298	1,300	100	1,298	1,300	1,300	1,300
Equity	16,099	15,224	106	15,791	15,501	1,353	15,224
Total liabilities and equity	186,209	181,065	103	180,244	181,080	179,807	181,065

¹ The figures in the interim report are presented in whole millions of DKK with no decimals unless decimals are considered essential.

Totals in the financial statements have been calculated on the basis of actual amounts. A recalculation of total amounts may in certain cases result in a rounding difference, which reflects that the underlying decimals are not stated in the financial statements.

Financial ratios	Q1 2023	Q1 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Return on equity (ROE)						
Profit before tax in pc of equity*	2.6%	1.3%	2.4%	1.2%	1.1%	1.3%
Profit after tax in pc of equity*	1.9%	1.0%	1.9%	1.0%	0.8%	1.0%
Solvency						
Capital ratio**	24.1%	20.4%	24.3%	21.5%	21.1%	20.4%
Lending Activity						
Growth in loan portfolio, pc (nominel)*	1.0%	1.0%	3.3%	0.6%	1.1%	1.0%
New loans, gross (DKKm)	7,191	10,586	9,976	13,767	11,422	10,586

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

**) The total capital ratio for Q1, Q2 and Q3 is calculated before recognition of profit/loss for the period as the financial statements have not been reviewed by the auditors.

Q1 2023 - Highlights

- DLR generated core income of DKK 331m in Q1 2023.
- Pre-tax profit was DKK 411m, which is the best quarterly performance in DLR's history.
- Profit was positively impacted by portfolio earnings of DKK 171m.
- Lending activities in Q1 2023 were at a more subdued level than in 2022. Gross lending was DKK 7.2bn, and net lending amounted to DKK 1.9bn (nominal value).
- For 2023, DLR still expects core earnings before impairment in the order of DKK 1,000 – 1,100m and a pre-tax profit of around DKK 1,425 – 1,525m.

CEO statement

Statement by CEO Jens Kr. A. Møller on the release of the interim report for the first quarter of 2023:

“DLR’s pre-tax profit of DKK 411m for Q1 2023 is our best single-quarter financial performance to date and better than both our guidance and last year’s Q1 profit. Owing to the higher level of interest rates, the result is underpinned by a better return on DLR’s bond portfolio compared with Q1 2022.

DLR recorded a satisfactory development in lending activity throughout 2022, with substantial gross lending triggered by extensive remortgaging activity. Given the higher and fairly stable level of interest rates currently prevailing, we have so far in 2023 recorded a lower level of remortgaging than in 2022, while net lending – growth in lending – was unchanged from the level in Q1 2022.

Gross lending was DKK 7.2bn in Q1 2023, while net lending amounted to DKK 1.9bn. The loan portfolio increase generally reflects growth in loans for commercial property. The persistently growing share of loans for residential rental property and office and retail property provides a consistently greater diversification of DLR’s loan portfolio, which is highly satisfactory.

The favourable economic conditions for non-agricultural exposures and the most important parts of the agricultural sector that characterised 2022 have continued into Q1 2023, including an improvement of the terms of trade for pig farmers. Against that background, DLR has observed continued good credit quality for our customers, recording very moderate losses and an unchanged level of impairment losses. In determining the level of impairment losses, we have taken account of a certain risk of deterioration in borrower finances due to the higher level of interest rates, the uncertain macroeconomic situation and conditions for certain pig farmers.

Earnings on the securities portfolio in Q1 were greater than anticipated due to interest rate developments. Based on current expectations for interest rate developments in 2023, DLR still expects a return on its bond portfolio that is substantially greater than in 2022.

In Q1, the Danish agricultural sector experienced falling prices for feed, fertiliser and energy as well as in selling prices for crops and milk. Despite falling prices of the latter products, prices remain at satisfactory levels. Pig farmers have experienced improved terms of trade due to falling feed prices and better prices for pork and weaners. Overall, earnings in the agricultural sector are still expected to be satisfactory in 2023.

In the non-agricultural sector, demand remains strong for rental properties and most types of commercial leases. However, we have experienced some restraint with respect to starting up new construction and in the sale of investment properties, driven by higher salary and materials costs and the higher level of interest rates.

In 2023, DLR will continue to play a key role in providing financing for the important sustainable transition of both the non-agricultural sector and the agricultural sector. DLR expects the model for a potential carbon tax on agriculture to be finalised later this year and that the tax will be implemented within the framework of the government platform so as not to impair the competitive strength of Danish agriculture. We consider the investments required to reduce the climate impact of the agricultural sector to be an attractive lending area for DLR, and for this and other reasons DLR expects that green loans, in the slightly longer term, will account for a substantial proportion of new lending."

Jens Kr. A. Møller

Managing Director & CEO



Comments on the results for Q1 2023

Income statement

DLR's earnings primarily stem from:

- Core earnings: Earnings from mortgage credit activity in the form of administration margins, fees and commission income, etc. less administrative expenses, losses and impairment losses.
- Portfolio earnings: Return on the securities portfolio

The income statement for Q1 2023 is set out below.

Profit and Loss Account, DKKm	Q1 2023	Q1 2022
Administration fee income	480	467
Other core income, net	25	43
Interest expenses subordinated debt	-11	-8
Interest expenses senior debt	-9	-7
Fee and commission income, net	-155	-137
Core income (mortgage credit income)	331	358
Staff costs and pensions expenses	-61	-59
Administrative expenses	-26	-24
Other operating expenses (contribution to the settlement assets)	-5	-5
Results from core activities	239	270
Provision for loan and receivable impairment, etc.	0	-8
Portfolio earnings, net	171	-66
Profit before tax	411	197
Tax	-103	-43
Profit after tax	308	153

Core earnings

Administration margin income amounted to DKK 480m, an increase of DKK 13m relative to the same period of last year. The increase was driven by loan portfolio growth.

Other core income primarily concerns income from loan origination fees and also income from default interest and various other income. This income amounted to DKK 25m in Q1 2023, which was lower than in the year-earlier period. The lower income was primarily due to lower remortgaging activity in Q1 2023.

Fees and commission (net) include, on the one hand, fees and brokerage in connection with the disbursement and repayment of mortgage loans plus spread income stemming from loan refinancing and disbursement and, on the other, commissions payable to the banks that have facilitated DLR's loans. Expenses include both agency commission and commission for the provision of loss guarantees, etc.

Fees and commission (net) amounted to an expense of DKK 155m compared to an expense of DKK 137m in the same period of 2022. The increase in net expenses primarily derives from falling fee income due to the lower level of remortgaging activity.

This brought core income to DKK 331m, a decrease of DKK 27m relative to the same period of last year.

Staff costs and administrative expenses, etc. amounted to DKK 88m, which is DKK 4m more than in Q1 2022. The higher costs partly reflect a small increase in the number of employees, to which should be added the agreed pay increases under collective agreements and higher provisions for overtime pay and holiday pay.

The line item "Other operating expenses" concerns DLR's contribution to the Resolution Fund, amounting to DKK 5m.

Total impairment losses (allowance account) amounted to an income of DKK 0m, against an expense of DKK 8m in the same period of last year.

Portfolio earnings

Portfolio earnings in Q1 were strongly affected by the rising level of interest rates during the past year and thus produced an average return of 3.7 pct. in Q1 2023.

DLR's securities portfolio is placed primarily in floating-rate mortgage bonds based on a CIBOR rate plus a small premium.

Profit and allocation of comprehensive income

Profit before tax for the period was DKK 411m, against DKK 197m in the year-earlier period.

Net profit for the period was DKK 308m, which has been transferred to DLR's equity.

Balance sheet

Mortgage lending at fair value amounted to DKK 173bn at the end of Q1 2023, which was an increase of DKK 3.1bn relative to the end of 2022.

Bond holdings amounted to DKK 24.6bn. Of this amount, the portfolio of DLR bonds amounted to DKK 14.5bn, which is netted in "Issued bonds at fair value", while DKK 10.1bn was attributable to positions in government securities and other mortgage bonds.

In addition to the bond holding of DKK 24.6bn, DLR held other securities for DKK 2.8bn; hence, the total securities holding amounted to DKK 27.4bn (gross) at the end of Q1 2023.

Of the total securities amount, temporary liquidity in connection with mortgage lending activity comprised DKK 4.7bn, leaving the investment holding at DKK 22.7bn.

DLR's total assets stood at DKK 186.3bn at the end of Q1 2023.

Capital and solvency

DLR's capital and solvency figures at the end of Q1 2023 are shown in the table below.

	31-Mar 2023	31-Dec 2022
Capital and solvency (DKKm)		
Equity	16,099	15,791
Profit etc. not recognised in tier 1 capital	-308	0
Deductions as a consequence of prudent valuation	-21	-22
Deductions as a consequence of non-performing exposures	-4	-9
Difference between expected losses and impairment losses	-63	-54
Common equity tier 1 capital	15,703	15,706
Subordinated capital (tier 2 capital)	1,298	1,298
Deduction in supplementary capital	0	0
Own funds	17,001	17,004
Risk-weighted exposure with credit risk etc.	66,093	64,862
Risk-weighted exposure with market risk	1,848	2,500
Risk-weighted exposure with operational risk	2,482	2,482
Total risk-weighted exposure	70,423	69,844
Common equity tier 1 capital ratio	22.3%	22.5%
Total capital ratio	24.1%	24.3%

Own funds

At 31 March 2023, own funds amounted to DKK 17,001m. The profit for Q1 2023 has not been recognised in own funds because the auditors have not performed a review of the financial statements. The changes relative to 31 December 2022 only concern minor adjustments regarding the difference between expected losses calculated using DLR's IRB model and the accounting impairment losses, adjustment regarding deduction due to non-performing exposures and change in deduction due to prudent valuation.

Weighted risk exposure

Weighted risk exposures amounted to DKK 70.4bn at 31 March 2023, which is DKK 0.6bn higher than at year-end 2022.

Weighted exposures with credit risk rose by DKK 1.2bn in Q1 2023, primarily because of the higher loan portfolio.

Weighted exposures with market risk fell by DKK 0.7bn because a significant part of DLR's securities portfolio is held in ARM Short bonds, on which interest is reset at the end of December and June, respectively. This entails that portfolio duration is lower after both Q1 and Q3 compared with Q2 and Q4, causing a lower market risk exposure.

Capital ratios

DLR's total capital ratio was 24.1 pct. at 31 March 2023, against 24.3 pct. at year-end 2022. The common equity tier 1 capital ratio was 22.3 pct., against 22.5 pct. at year-end 2022.

If the profit for Q1 2023 had been recognised, the total capital ratio would have been 24.6 pct., and the common equity tier 1 capital ratio would have been 22.7 pct..

Risk factors

DLR's credit and market risks are assessed to be limited. This is partly due to the regulatory foundation, partly the defined internal credit policy guidelines. To this should be added measures to mitigate losses, including the guarantees and loss-offsetting measures established for DLR's various lending areas in accordance with agreements with DLR's partner banks.

For a more detailed description of market risk and credit risk, please see our report on Risk and Capital Management for 2022, which is available on:

<https://dlr.dk/en/investor/financial-statements/>.

Arrears and forced sales

At 31 March 2023, outstanding mortgage payments amounted to DKK 66m, against DKK 50m at year-end 2022. Of the amount in arrears, the bulk stems from mortgage payments that are less than 3½ months overdue.

DLR recorded a loss on 1 property in Q1 2023, against 7 in the same period of 2022.

DLR had no repossessed properties at 31 March 2023.

Outlook for 2023

In its Annual Report 2022, DLR guided for core earnings before impairment in the order of DKK 1,000m – 1,100m and a pre-tax profit of around DKK 1,425m – 1,525m for the full-year 2023.

The above guidance is unchanged at the end of Q1 2023.

Accounting policies

DLR's interim report has been prepared in accordance with the provisions of the Danish Financial Supervisory Authority on financial reports of mortgage credit institutions and the requirements of Nasdaq Copenhagen as regards the financial statements of issuers of listed bonds.

The accounting policies are consistent with those applied in Annual Report 2022.

The financial statements have neither been audited nor reviewed.

Events after the balance sheet date

No events occurred after the reporting date that would change the income statement or balance sheet in the interim report.

Additional information

For further information on DLR, please refer to <https://dlr.dk/en/investor/financial-statements/>, where the Annual Report 2022 and DLR's Risk and Capital Management Report, etc. are available for download.

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

Contacts

- Jens Kr. A. Møller, Managing Director & CEO, tel. +45 33 42 07 24
- Pernille Lohmann, Managing Director, tel. +45 33 42 08 74

Financial statements Q1 2023

Income statement and statement of comprehensive income	18
Balance sheet	19
Statement of changes in equity	20
Capital and solvency	21

Income statement and statement of comprehensive income (DKKm)

Note	Q1 2023	Q1 2022
1 Interest income	1,525	788
2 Interest expenses	-937	-292
Net interest income	588	496
Share dividends etc.	0	0
Fees and commission income	43	59
Fees and commission paid	-198	-196
Net interest and fee income	433	359
3 Market value adjustments	69	-71
Other operating income	0	4
4-5 Staff costs and administrative expenses	-87	-83
Depreciation and impairment of property, plant and equipment	-1	-1
Other operating expenses	-5	-5
6 Impairment of loans, advances, receivables, etc.	0	-8
Profit before tax	411	197
Tax	-103	-43
Profit after tax	308	153
Comprehensive income		
Profit for the year	308	153
Other comprehensive income after tax	308	153
Attributable to equity	308	153

Balance sheet

(DKKm)

Note		31-Mar 2023	31-Dec 2022
	Assets		
	Cash balance and demand deposits with central banks	2,486	1,433
7	Due from credit institutions and central banks	261	408
8, 10-13	Loans, advances and other receivables at fair value	173,029	169,912
9	Loans, advances and other receivables at amortised cost	7	7
14	Bonds at fair value	8,936	8,096
15	Bonds at amortised cost price	1,193	0
	Shares etc.	45	45
16	Land and buildings, domicile properties	135	135
	Other property, plant and equipment	5	5
	Leasing assets	0	0
	Current tax assets	5	63
17	Other assets	78	115
	Prepayments	29	25
	Total assets	186,209	180,244
	Equity and liabilities		
18	Issued bonds at fair value	162,385	157,712
19	Issued bonds at amortised cost	3,995	3,994
	Current tax liabilities	5	0
20	Other liabilities	2,426	1,429
	Deferred income	1	0
	Total liabilities	168,812	163,136
	Provisions for deferred tax	0	19
	Total provisions	0	19
	Subordinated debt	1,298	1,298
	Total subordinated debt	1,298	1,298
	Share capital	570	570
	Revaluation reserve	75	75
	Undistributable reserve	2,342	2,338
	Retained earnings etc.	13,112	12,808
	Total equity	16,099	15,791
	Total equity and liabilities	186,209	180,244
21	Off-balance sheet items		
	Guarantees	0	0
	Contingent liabilities (loan offers, other contingent liabilities, etc.)	11,246	13,918
22	Contingent assets		
	Other contingent assets	0	0

Statement of changes in equity

(DKKm)

	Share capital 1)	Revaluation reserve	Undistributable reserve	Retained earnings	Total
2022					
Equity at 1 January	570	75	2,338	12,088	15,071
Profit for the year	0	0	0	720	720
Disposal of treasury shares	0	0	0	0	0
Acquisition of treasury shares	0	0	0	0	0
Equity at 31 December	570	75	2,338	12,808	15,791
2023					
Equity at 1 January	570	75	2,338	12,808	15,791
Profit for the year	0	0	4	304	308
Disposal of treasury shares	0	0	0	0	0
Acquisition of treasury shares	0	0	0	0	0
Equity at 31 March	570	75	2,342	13,112	16,099

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 shares carry equal rights. DLR held 46,122,083 (2022: 46,122,083) treasury shares at 31 March 2023, corresponding to a nominal value of DKK 46.1m (2022: DKK 46.1m). The portfolio of treasury shares accounts for 8.1 pct. (2022: 8.1 pct.) of the total share capital.

Capital and solvency

(DKKm)

	31-Mar 2023	31-Dec 2022
Capital and solvency (DKKm)		
Equity	16,099	15,791
Profit etc. not recognised in tier 1 capital	-308	0
Deductions as a consequence of prudent valuation	-21	-22
Deductions as a consequence of non-performing exposures	-4	-9
Difference between expected losses and impairment losses	-63	-54
Common equity tier 1 capital	15,703	15,706
Subordinated capital (tier 2 capital)	1,298	1,298
Deductions from tier 2 capital	0	0
Own funds	17,001	17,004
Risk-weighted exposure with credit risk etc.	66,093	64,862
Risk-weighted exposure with market risk	1,848	2,500
Risk-weighted exposure with operational risk	2,482	2,482
Total risk-weighted exposure	70,423	69,844
Common equity tier 1 capital ratio	22.3%	22.5%
Total capital ratio	24.1%	24.3%
Statement of excess capital adequacy		
Own funds after deductions	17,001	17,004
Capital adequacy	-6,515	-6,413
SIFI buffer	-704	-698
Capital conservation buffer	-1,761	-1,746
Countercyclical buffer	-1,761	-1,397
Systemic buffer Faroe Islands	-11	-11
Reserved debt buffer	-145	-153
Excess capital adequacy	6,105	6,584

Notes

Noter - Income statement

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

Noter - 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
- 11 Number of loans - end of period
- 12 Impairment losses by stage
- 13 Impairment - other financial assets
- 14 Bonds at fair value
- 15 Bonds at amortised cost
- 16 Land and buildings - domicile properties
- 17 Other assets

Noter - Equity and liabilities

- 18 Issued bonds at fair value
- 19 Issued bonds at amortised cost
- 20 Other liabilities
- 21 Off-balance sheet items - guarantees etc.
- 22 Contingent assets

Noter - Key figures and financial ratios

- 23 Key figures – Q1
- 24 Financial ratios – Q1

Noter - Other notes

- 25 Reconciliation of income statement for "core and portfolio earnings" against "official statements"
- 26 Supervisory diamond for mortgage credit institutions

Income statement

(DKKm)

Note		Q1	Q1
1	Interest income*	2023	2022
	Due from credit institutions and central banks	1	0
	Positive interest loans and advances **	972	244
	Contributions	480	467
	Bonds	138	8
	Issued bonds at fair value ***	0	36
	Other interest income	24	37
	Total	1,615	793
	Interest on own mortgage bonds offset against interest on issued bonds	-90	-4
	Total	1,525	788
	Of which interest income from reverse repo transactions	0	0

* Interest income is significantly higher in 2023 than in 2022. This is essentially a consequence of the rent increase during 2022. As a consequence of DLR's mortgage loan being granted under the specific balance principle (match funding), the increased interest income on lending matched by a corresponding increase in interest expenses for Issued liabilities at fair value.

** In 2022, certain loans received interest at a negative interest rate. This interest expense is included as interest expenses for issued bonds at fair value (note 2). In 2023, the interest rate is positive on all DLR's loans.

*** In 2022, certain issued bonds bore interest at a negative interest rate and are thus included in this item as interest income. In 2023, the interest rate is positive on all DLR's issued bonds.

Note		Q1	Q1
2	Interest expenses*	2023	2022
	Credit institutions and central banks	0	0
	Issued bonds at fair value **	-973	-245
	Issued bonds at amortised cost	-33	-7
	Subordinated capital injections	-20	-8
	Negative interest loans and advances***	-0	-36
	Other interest expenses	0	0
	Total	-1,027	-297
	Interest on own mortgage bonds offset against interest on issued bonds	90	4
	Total	-937	-292
	Of which interest expenses on repo transactions	0	0

The DLR has not paid out reserve fund shares on redeemed mortgages

* The interest expenses in 2023 are significantly higher than in 2022. This is essentially a consequence of the increase in interest rates during 2022. As a consequence of the fact that DLR's issued bonds at fair value are provided under the specific balance principle (match funding), the increased interest expense is on issued bonds at fair value, matched by a corresponding increase in interest income on loans at fair value.

** In 2022, certain bonds at fair value bore interest at a negative interest rate. This interest income is included as interest income on issued bonds at fair value (note 1). In 2023, the interest rate is positive on all DLR's issued bonds.

*** In 2022, certain loans at fair value bore interest at a negative interest rate and are thus included in this item as an interest expense. In 2023, the interest rate is positive on all DLR's loans at fair value.

Note		Q1	Q1
3	Market value adjustments	2023	2022
	Mortgage loans	1,196	-5,280
	Bonds	69	-70
	Shares etc.	0	0
	Foreign currency	0	0
	Derivative financial instruments	0	-1
	Other assets	0	0
	Issued bonds	-1,196	5,280
	Total	69	-71
4	Staff costs and administrative expenses	Q1	Q1
		2023	2022
	Staff costs		
	Salaries	-49	-48
	Pension costs	-5	-4
	Social security costs	-8	-8
	Total	-61	-59
	Other administrative expenses		
	IT expenses	-13	-13
	Audit, financial supervision and industry association	-2	-2
	Other expenses	-11	-9
	Total	-26	-24
	Total staff costs and administrative expenses	-87	-83

DLR's remuneration policy is available at <https://dlr.dk/governance/>

Note		Q1	Q1
5	Remuneration for members of the Executive Board	2023	2022
	Fixed remuneration	1.9	1.7
	Variable remuneration	0.0	0.0
	Total	1.9	1.7
	Number of members of the executive management	2	2
		Q1	Q1
6	Impairment of loans, advances, receivables, etc.	2023	2022
	Losses in the period	0	-6
	Amounts received on claims previously written off	0	1
	Adjustment of acquired properties	0	0
	Impairment losses in the period	-64	-113
	Reversal of impairment losses	64	110
	Losses offset against commission payments to banks	0	0
	Total	0	-8

Assets

(DKKm)

Note		31-Mar 2023	31-Dec 2022
7	Due from credit institutions and central banks		
	Due from central banks	0	0
	Due from credit institutions	261	408
	Total amount due from credit institutions and central banks	261	408

DLR did not enter into any reverse repo transactions in 2023 or 2022.

		31-Mar 2023	31-Dec 2022
8	Loans, advances and other receivables at fair value		
	Mortgage loans, nominal value	183,778	181,873
	Adjustment to fair value of underlying bonds	-10,447	-11,643
	Adjustment for credit risk	-363	-364
	Mortgage loans at fair value	172,968	169,866
	Arrears before impairment losses	66	50
	Other loans and outlays before impairment losses	-1	0
	Impairment losses on arrears and outlays	-4	-3
	Total	173,029	169,912

		31-Mar 2023	31-Dec 2022
9	Loans, advances and other receivables at amortised cost		
	Loans and advances	8	8
	Adjustment for credit risk	-1	-1
	Total	7	7

Note		31-Mar	31-Dec
10	Mortgage loans (nominal value) by property category	2023	2022
	Owner-occupied dwellings	5.0%	5.0%
	Recreational dwellings	0.3%	0.3%
	Subsidised rental housing properties	0.1%	0.1%
	Co-operative housing	2.2%	2.2%
	Private rental housing properties	21.6%	21.2%
	Properties for manufacturing and manual industries	1.2%	1.1%
	Office and business properties	18.0%	18.0%
	Agricultural properties	51.0%	51.5%
	Properties for social, cultural and educational purposes	0.6%	0.5%
	Other properties	0.0%	0.0%
	Total	100.0%	100.0%
11	Number of loans - end of period	31-Mar	31-Dec
		2023	2022
		72,348	72,252

12 Impairment losses by stage

Impairment of loans and advances at fair value and amortised cost *	31-Mar 2023			Total
	Stage 1	Stage 2	Stage 3	
Specification of impairment losses at the end of March:				
Loans and advances in stage 1 at beginning of year	44	11	0	56
Loans and advances in stage 2 at beginning of year	8	43	11	62
Loans and advances in stage 3 at beginning of year	0	1	58	59
New loans and advances	6	7	0	13
Management estimate	156	22	1	179
Total	215	84	70	368

DLR's total impairment losses at Q1 2023 consisted of individual impairment losses of DKK 61.8m, modelcalculated impairment losses of DKK 127.6m and a management overlay of DKK 179.0m. In the Accounting policies, the methods that form the basis for calculating the impairment losses are explained in more detail.

Impairment of loans and advances at fair value and amortised cost *	31-Dec 2022			Total
	Stage 1	Stage 2	Stage 3	
Specification of impairment losses at year-end:				
Loans and advances in stage 1 at beginning of year	24	21	2	47
Loans and advances in stage 2 at beginning of year	3	27	21	50
Loans and advances in stage 3 at beginning of year	0	2	55	56
New loans and advances	28	23	1	52
Management estimate	142	20	1	163
Total	196	93	80	368

DLR's total impairment losses at the end of 2022 consisted of individual impairment losses of DKK 58.4m, modelcalculated impairment losses of DKK 147.0m and a management overlay of DKK 163.0m. In the Accounting policies, the methods that form the basis for calculating the impairment losses are explained in more detail.

* No loans, advances or other receivables which were credit-impaired on initial recognition were recognised in 2021 or 2022. Impairment losses on loans and advances at fair value and impairment losses on loans and advances at amortised cost have been aggregated as the amount of impairment of loans and advances at amortised cost represents less than 1 pct. of the total impairment loss.

Note

13 Impairment - other financial assets

	31-Mar 2023			Total
	Stage 1	Stage 2	Stage 3	
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

All assets in the above table have been classified as stage 1, meaning that impairment losses of less than DKK 0.5m have been recognised. This was also the case at 1 January.

	31-Dec 2022			Total
	Stage 1	Stage 2	Stage 3	
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 were recognised in 2022 or 2023.

14 Bonds at fair value	31-Mar 2023	31-Dec 2022
	Own mortgage bonds	14,501
Other mortgage bonds	7,889	7,053
Government bonds	1,047	1,043
Bonds - gross	23,437	25,577
Own mortgage bonds offset against issued bonds	-14,501	-17,481
Total	8,936	8,096

15 Bonds at amortised cost	31-Mar 2023	31-Dec 2022
	The accounting value of bonds at amortized cost	1,193
Fair value of bonds at amortized cost price	1,178	0
Fair value of bonds at amortized cost in relation to accounting value	-14	0

The fair value of the hold-to-maturity portfolio is DKK 14 million. DKK lower than the book value.

Note		31-Mar	31-Dec
16	Land and buildings - domicile properties	2023	2022
	Fair value, beginning of year	135.3	135.8
	Additions during the year	0.0	0.0
	Depreciation	-0.1	-0.4
	Value changes recognised in other comprehensive income	0.0	0.0
	Fair value, end of year	135.2	135.3

Domicile properties are valued on an annual basis by DLR's in-house valuation expert, who specialises in commercial property valuation.

17	Other assets	31-Mar	31-Dec
		2023	2022
	Positive market value of derivative financial instruments etc.	3	12
	Interest and commission receivable	65	39
	Other receivables	9	65
	Total	78	115

Equity and liabilities

(DKKm)

Note		31-Mar	31-Dec
18	Issued bonds at fair value	2023	2022
	Mortgage bonds - nominal value	187,405	186,898
	Fair value adjustment	-10,520	-11,705
	Issued bonds - gross	176,886	175,193
	Offsetting of own mortgage bonds - fair value	-14,501	-17,481
	Total	162,385	157,712
	Of which pre-issued, market value	1,249	2,630
	Cash value of bonds drawn for redemption at next repayment date (settlement price)	880	979
		31-Mar	31-Dec
19	Issued bonds at amortised cost	2023	2022
	Issues in connection with senior debt	3,995	3,994
	Offsetting of own bonds	0	0
	Total	3,995	3,994
		31-Mar	31-Dec
20	Other liabilities	2023	2022
	Negative market value of derivative financial instruments etc.	4	15
	Interest and commission payable	2,021	1,313
	Other liabilities	400	101
	Total	2,426	1,429

Note		31-Mar	31-Dec
21	Off-balance sheet items - guarantees etc.	2023	2022
	Financial guarantees	0.2	0.2
	Total	0.2	0.2
	Other contingent liabilities		
	Irrevocable credit commitments (loan offers)	11,246	13,918
	Total	11,246	13,918

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.

22 Contingent assets

Loss set-off agreements have been established between DLR and the loan-distributing shareholder banks, 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.

Key figures and financial ratios

(DKKm)

Note					
23	Key figures - Q1	2023	2022	2021	2020
	Income statement				
	Net interest and fee income	433	359	352	365
	Other operating income etc.	0	4	6	6
	Staff costs and administrative expenses etc.	-92	-88	-82	-77
	Earnings	341	275	276	294
	Impairment of loans, advances and re- ceivables	0	-8	30	-52
	Market value adjustments	69	-71	-48	-102
	Profit before tax	411	197	258	140
	Profit after tax	308	153	201	109
	Balance	2023	2022	2021	2020
	Assets				
	Loans and advances	173,036	171,699	168,332	157,889
	Bonds, shares, etc.	10,174	6,754	11,227	12,667
	Other assets	2,999	2,612	2,466	4,435
	Total assets	186,209	181,065	182,024	174,991
	Equity and liabilities				
	Issued bonds	166,380	162,802	164,847	158,493
	Other liabilities	2,432	1,739	1,494	1,667
	Subordinated debt	1,298	1,300	1,300	1,300
	Equity	16,099	15,224	14,384	13,530
	Total equity and liabilities	186,209	181,065	182,024	174,991

Note 24	Financial ratios Q1	2023	2022	2021	2020	2019
	Return on equity					
	Profit before tax in per cent of equity *	2.6	1.3	1.8	1.0	2.1
	Profit after tax in per cent of equity *	1.9	1.0	1.4	0.8	1.6
	Return on capital employed					
	Return on capital employed *	0.17	0.08	0.11	0.06	0.13
	Costs					
	Costs in per cent of loan portfolio	0.1	0.1	0.1	0.1	0.1
	Income/cost ratio *	5.5	3.0	6.0	2.1	4.7
	Income/cost ratio, excl. impairment losses	5.5	3.3	3.8	3.5	5.1
	Solvency					
	Total capital ratio*	24.1	20.4	18.5	17.0	16.7
	Tier 1 capital ratio*	22.3	18.7	16.9	15.5	15.9
	Common equity tier 1 capital ratio	22.3	18.7	16.9	15.5	15.9
	Arrears and impairment losses					
	Arrears, end of period (DKKm)	66	62	68	92	139
	Impairment ratio for the period *	0.00	0.00	-0.02	0.03	0.00
	Accumulated impairment ratio	0.21	0.23	0.27	0.30	0.34
	Lending activity					
	Growth in loan portfolio, per cent (nominal) *	1.0	1.0	2.1	1.7	1.2
	New loans, gross (DKKm)	7,191	10,546	9,790	10,807	6,884
	Number of new loans	1,917	2,986	4,481	3,373	2,225
	Loan/equity ratio *	10.7	11.3	11.7	11.7	11.4
	Margins					
	Percentage of average loan portfolio (nominal):					
	Profit before tax	0.22	0.11	0.16	0.09	0.19
	Administration margin income	0.26	0.26	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	2.1	1.4	1.8	2.9	4.3

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

Other notes

(DKKm)

Note

25 Reconciliation of income statement for "core and portfolio earnings" against "official statements" Q1 2023

	Core earnings	Portfolio earnings	Total
Interest income	1,423	102	1,525
Interest expenses	-937		-937
Net interest income	486	102	588
Share dividends etc.	0		0
Fees and commission received	43		43
Fees and commission paid	-198		-198
Net interest and fee income	331	102	433
Market value adjustments	0	69	69
Other operating income	0		0
Staff costs and administrative expenses	-87		-87
Depreciation and impairment of property, plant and equipment	-1		-1
Other operating expenses	-5		-5
Impairment of loans, advances, receivables, etc.	0		0
Profit before tax	239	171	411
Tax	-65	-38	-103
Profit after tax	174	134	308

Note 26	Supervisory diamond for mortgage credit institutions, pct.	End of Q1 2022	End of Q4 2022	Threshold
1. Lending growth				
	Private homeowners	2.1	3.0	<15%
	Residential rental property	9.6	6.9	<15%
	Agriculture	0.3	1.1	<15%
	Other business lending	4.8	5.4	<15%
2. Borrower interest-rate risk				
		21.1	20.5	<25%
3. Interest-only lending to private home owners				
		0.9	0.8	<10%
4. Loans with short-term funding (quarterly)				
	Q2 2022	7.7	0.0	<12,5%
	Q3 2022	4.7	7.7	<12,5%
	Q4 2022	1.6	4.7	<12,5%
	Q1 2023	0.7	1.6	<12,5%
	Loans with short-term funding annually *	14.4	13.9	<25%
5. Large exposures				
		33.3	31.9	< 100%

* The percentage for the individual quarters is calculated with the portfolio at the end of the quarter in the denominator, while the annual percentage is calculated with the portfolio at the end of the 4th quarter 2022 in the denominator. The percentage for the year therefore does not agree with the sum of the percentage in the individual quarters.

Management's statement

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 2023.

The interim report has been prepared in accordance with the Danish Financial Business Act and the provisions of the Danish Financial Supervisory Authority on financial reports of mortgage credit institutions and the requirements of Nasdaq Copenhagen as regards the financial statements of issuers of listed bonds.

In our opinion, the Management review includes a fair review of the matters covered by the review together with a description of the principal risks and uncertainties that may affect the Company.

In our opinion, the accounting policies applied are appropriate and the interim financial statements present a true and fair view of the Company's assets and liabilities and financial position at 31 March 2023, and of the results of the Company's activities for the reporting period 1 January – 31 March 2023. The financial statements have neither been audited nor reviewed by the Company's auditors.

Copenhagen, 27 April 2023

dlr·kredit

© DLR Kredit A/S

Nyropsgade 21 · 1780 Copenhagen V, Denmark

Tel. +45 70 10 00 90

www.dlr.dk · dlr@dlr.dk

Company reg. (CVR) no. 25781309