

# Base Prospectus

for the issuance of CRD-compliant covered bonds, UCITS-compliant covered bonds and bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (Senior Secured Bonds)

The Base Prospectus is dated 23 August 2023

Under this Base Prospectus ("Base Prospectus") and subject to compliance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, including the related delegated regulations (the "Prospectus Regulation"), DLR Kredit A/S ("DLR" or the "Issuer") will regularly issue CRD-compliant covered bonds (European Covered Bond (Premium) in accordance with Art. 27 of the European Parliament's and the Council's regulation 2019/2162/EU (the Covered Bonds Directive)), in the form of SDOs ("særligt dækkede obligationer") and UCITS-compliant covered bonds ("realkreditobligationer") (European Covered Bond in accordance with Art. 27 of the Covered Bonds Directive). In addition, DLR will issue bonds in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act ("Bonds").

An application may be made for securities issued under this Base Prospectus to be admitted to trading on a regulated market in Denmark. Reference in this Base Prospectus to securities being "listed" (and all similar references) mean that such securities have been admitted to the official list of and to trading on a regulated market pursuant to Directive 2004/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("MiFID").

This Base Prospectus has been prepared by the Issuer with a view to having the securities admitted to trading on a regulated market in Denmark and to enabling a public offering in Denmark. The Base Prospectus is a base prospectus for the purpose of Article 8 of the Prospectus Regulation and has been prepared in accordance with the Prospectus Regulation and delegated regulations issued pursuant thereto, including Article 25 of Commission Delegated Regulation (EU) 2019/980, for the purpose of offering information about the issued bonds.

The securities are not and will not be registered pursuant to the US Securities Act of 1933 ("US Securities Act") and may be subject to US tax law requirements. The securities may not be offered, sold or delivered within the US or to US persons (as defined in Regulation S of the US Securities Act). The securities may be offered and sold outside the US to non-US persons in accordance with Regulation S of the US Securities Act.

At the date of this Base Prospectus, DLR has been assigned an issuer rating of A-/Stable/A-2 by S&P Global Ratings Europe Limited ("S&P"). S&P has assigned ratings of AAA to DLR's Capital Centre B and to the General Capital centre. CRD-compliant covered bonds and UCITS-compliant covered bonds have the same ratings as the capital centres through which they have been issued, while Senior Secured Bonds are linked with DLR's issuer rating. S&P is operating in the European Union and was registered in compliance with Regulation (EC) No 1060/2009 on the date of this Base Prospectus. At its website, the ESMA has published a list of registered and certified credit rating agencies (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>). A rating is not a recommendation to buy, sell or hold securities and may be suspended, downgraded or withdrawn by the assigning credit rating agency at any time.

Investment in securities implies risk. Prospective investors in securities should ensure that they understand the terms governing the securities and the scope of their exposure to risk and that they assess the suitability of the securities as an investment in the light of their own circumstances and financial position. For information on these risks, reference is made to section 3 "Risk factors" in this Base Prospectus.

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# 1. Introduction

Securities issued under this Base Prospectus are governed by the rules of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and related executive orders. Securities issued under this Base Prospectus are "Covered Bonds", which means CRD-compliant covered bonds in the form of "SDOs" ("særligt dækkede obligationer"), including "Green Bonds" issued to fund mortgage loans secured against green properties or other approved assets meeting the eligibility requirements of DLR's "Green Bond Framework" (link to be inserted) in force from time to time, and mortgage bonds ("ROs").

Further, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act ("Senior Secured Bonds", or "SSBs") may be issued under this Base Prospectus.

The outstanding amount of Bonds issued under this Base Prospectus varies with DLR's lending. DLR's investor website [www.dlr.dk/investor](http://www.dlr.dk/investor) shows the outstanding amount of Bonds with reference to relevant ISINs.

Any reference in this Base Prospectus to "Bonds" applies to all types of securities issued under this Base Prospectus, i.e. SDOs, ROs and SSBs. Investors holding Bonds are referred to as "Bondholders". Where in this Base Prospectus the terms "CRD-compliant covered bonds", "UCITS-compliant covered bonds" and "Senior Secured Bonds" are written without capital letters, they describe the type of security in general, i.e. the text applies to securities issued under this Base Prospectus as well as the type of security in general.

The Bonds will be issued in dematerialised form and settled through VP SECURITIES A/S or another securities depository specified in the Final Terms.

Any reference to "Final Terms" in this Base Prospectus" means the final bond terms which, when read in conjunction with this Base Prospectus, apply to an ISIN of securities issued under this Base Prospectus.

This Base Prospectus will be valid for 12 months from the date of approval, unless the public is otherwise informed.

The Issuer or financial intermediaries approved by the Issuer will not arrange any public offer of securities issued under this Base Prospectus in any country outside Denmark where special action would be required to arrange a public offer.

The Bonds may only be resold under circumstances where there is no requirement to publish a prospectus. All persons taking possession of this Base Prospectus and/or the Final Terms for the Bonds offered are required to comply with all relevant laws and other regulations applicable in the country where they buy or sell the Bonds for their own account.

In connection with an offering of Bonds to the public which is not exempt from the requirement of the Prospectus Regulation to publish a prospectus, if a financial intermediary uses this Base Prospectus to offer Bonds, the

financial intermediary is obliged to inform investors of the terms and conditions for the offering at the time of the offering. Financial intermediaries using this Base Prospectus are also obliged to state on their website that they use this Base Prospectus in accordance with the consent and the related conditions.

No persons have been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

The distribution of this Base Prospectus or a sale made in this connection shall not, under any circumstances, create any indication that there has not been any changes in the affairs of the Issuer since the date of this Base Prospectus or the date upon which this Base Prospectus was last amended or supplemented or that any other information supplied in connection with this Base Prospectus is correct at any time subsequent to the date on which it is given.

The distribution of this Base Prospectus and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. The Issuer presumes that persons into whose possession this Base Prospectus comes inform themselves about and observe any such restrictions.

The Bonds under this Base Prospectus have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the US, and the Bonds may be subject to US tax law requirements. The Bonds may not be offered, sold or delivered within the US or to, or for the account or benefit of, US persons (as defined in Regulation S of the US Securities Act). The securities may be offered and sold outside the US to non-US persons in accordance with Regulation S of the US Securities Act.

This Base Prospectus, including the Final Terms for the Bonds offered, does not constitute a recommendation to subscribe for or purchase the Bonds issued in pursuance of this Base Prospectus. Each recipient of this Base Prospectus and/or the Final Terms for the Bonds offered must make their own assessment of the Bonds and of the Issuer on the basis of the contents of this Base Prospectus, all documents incorporated by reference herein, the Final Terms for each offer of Bonds under this Base Prospectus and any addendums to this Base Prospectus. Prospective investors are invited to carefully consult the section "RISK FACTORS".

Amounts to be paid in connection with floating-rate Bonds may, if this is stated in the applicable Final Terms, be calculated with reference to a Reference Rate. If such Reference Rate constitutes a "benchmark" in compliance with Regulation (EU) 2016/1011 (the "Benchmark Regulation"), the applicable Final Terms will state whether the relevant Reference Rate is provided by an administrator listed in ESMA's register of administrators in accordance with Article 36 of the Benchmark Regulation. Unless required by law, the Issuer does not intend to update the Base Prospectus or the relevant Final Terms with a new registration status for an administrator as ESMA's register of administrators is publicly available.

The relevant Final Terms in respect of Bonds will include a sub-section entitled "MiFID II product governance", describing the target market assessment and distribution channels considered suitable for the relevant Bonds. Any

person subsequently offering, selling or recommending the Bonds (a "Distributor") must take this target market assessment into consideration. However, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (either by assuming or improving the target market assessment) and for determining appropriate distribution channels.

## 2. Risk factors

The following risk factors are limited to the risks which DLR considers the most significant and specific for DLR or for the issued Bonds.

DLR has assessed the significance of a risk factor based on the degree of any impact and the probability of any given risk factor occurring.

The probability of a risk factor occurring is assessed using a scale of low, medium and high. It is not possible to assess the probability of the incurrence of all risk factors.

Investors are encouraged on their own initiative to assess risks with a view to making an investment decision on an informed basis.

Prospective investors should carefully study this Base Prospectus and relevant Final Terms in their entirety (including documents incorporated by reference) and make their own assessment, possibly consulting their own advisers, prior to making any decision to invest in the Bonds.

Should one or more of the risks described below materialise, investors may lose part or all of their investment in the Bonds.

### 2.1 Risk factors pertaining to the Issuer

#### General information

The Issuer's business is to grant mortgage credit loans secured against properties within agriculture, office and retail, trade and industry and collective energy supply, land etc. and residential properties in Denmark. In addition, the Issuer to a limited extent grants mortgage loans in the Faroe Islands and Greenland.

The Issuer's business activities involve a number of different risks. For example, DLR's results of operations and financial position depend on the volume of financial products and services in demand by borrowers. In particular, lending activity depends on economic conditions in general, prices of real property and market rates. As DLR conducts its business mainly in Denmark, results are affected by the level and cyclical nature of the business activities in Denmark, which in turn are impacted by both domestic and international economic and political events.

#### Credit risk

DLR's most significant risk is credit risk, defined as the risk of loss caused by the failure of any borrower to honour its payment obligations. At end-2022, DLR's risk-weighted exposures with credit risk (see DLR's annual report for 2022, page 17) accounts for some 93% of DLR's total risk-weighted exposures (REA) and should be seen in the context

of the fact that DLR, as a mortgage credit institution, exclusively grants loans secured against real property within the statutory loan-to-value (LTV) limits. Moreover, these loans are typically partially guaranteed by the loan-distributing banks under one of DLR's guarantee concepts, and DLR can under certain circumstances set off losses against payments of commission to the financial institutions. Nonetheless, negative developments in the credit quality of DLR's borrowers may result in higher provisions for losses and a greater risk of losses for DLR.

From Q3 2018 to Q4 2021, the annual lending growth for the segment "property rental" was higher than the recommended growth determined by the Danish FSA under its "supervisory diamond for mortgage credit institutions", which is below 15%. The FSA assessed that the exceeding of the benchmark represented an increased risk and therefore sent DLR information in Q1 2019 about the increased risk that DLR thus assumed. Since Q1 2022, the lending growth for the "property rental" segment has been below the recommended limit defined in the "supervisory diamond for mortgage credit institutions".

Additional information about loan portfolio developments and breakdown by property category is provided in the "DLR's portfolio and market share" section of DLR's annual report for 2022 (pages 33-34). The section also contains information about the loan portfolio broken down by loan type and property category. The loan-to-value ratios (LTV) of the loan portfolio broken down by property category are shown in note 36, page 92, of the annual report, and customer ratings by property category are shown in note 21, page 84, of the annual report.

DLR is regularly exposed to the risk of loss due to borrower defaults. In 2022, DLR had loan impairment charges and arrears of DKK 368 million, which was DKK 17 million less than in 2021. At the time of publication of this Base Prospectus, DLR considers the risk of losses affecting its ability to make payments in full or in a timely manner to the Bond Holders to be low, but negative macroeconomic developments may increase the probability of loss.

### Market risk

Market risk is the risk of loss caused by movements in the financial markets, i.e. interest rate, share price and foreign exchange risks. At the time of publication of this Base Prospectus, DLR's risk-weighted exposures with market risk, as shown on page 17 of the annual report for 2022, amount to about 3.6% of DLR's total risk-weighted exposures at end-2022.

The market risks assumed by DLR arise solely as a consequence of a natural need to invest DLR's own funds, senior debt and profits/results of operations (the securities portfolio) and prepaid funds.

DLR basically targets a low market risk, and DLR's policies and the market risk policy lays down detailed market risk targets as regards placement, amount of interest risk, currency risk, etc. DLR has also laid down guidelines for the placement of the securities portfolio and specific limits for the amount and volatility of each type of risk.

On this basis, DLR has placed the main part of its securities portfolio in AAA-rated Danish ROs, SDOs and mortgage-covered bonds (SDRO), typically short-term papers, and a minor portion in AAA-rated government bonds.

Fluctuations in debt, foreign exchange or equity markets may affect the market value and liquidity of DLR's securities portfolio. The occurrence of such events may have an adverse impact on DLR's results of operations, The

interest rate risk of DLR's securities portfolio, the equity risk and the exchange rate risk are shown in DLR's annual report for 2022, note 39, page 94.

At the time of publication of this Base Prospectus, DLR considers the risk of market risk affecting DLR's ability to make payments in full or in a timely manner to the Bond Holders to be low.

### Liquidity risk

Liquidity risks arise when a lack of funding in the form of bond sales prevents DLR from pursuing its business model or from fulfilling its payment obligations. Failure to address the liquidity risk may prevent DLR from continuing its operations at their current scope and/or meeting its payment obligations on a timely basis.

DLR's activities are concentrated exclusively around mortgage credit operations, with the funding structure being based solely on the issuance of Covered Bonds. Moreover, DLR's compliance with the specific balance principle implies that, in connection with its day-to-day disbursement of loans, DLR issues bonds subject to terms identical to those of the borrowers. In other words, the mortgage payments, excluding administration fees, received by DLR must match DLR's payments to investors. The liquidity risk is therefore primarily related to the risk that the Issuer is unable to sell the required volume of Bonds in connection with refinancing, which may cause DLR to lose its authorisation to issue Bonds.

Lack of access to supplementary capital in the form of interest-bearing liabilities, such as Bonds issued pursuant to section 15 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, unsecured senior debt or other debt credit lines entails a direct liquidity risk.

At the time of publication of this Base Prospectus, DLR considers the risk of higher funding costs or a lack of liquidity to cover DLR's payment obligations in connection with the issuing of mortgage bonds to be low, and the risk related to interest-bearing liabilities, such as Bonds issued pursuant to section 15 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, unsecured senior debt, etc. to be medium to high.

In addition, DLR has defined and manages the following additional types of risks:

### Operational risk

DLR is exposed to operational risks, defined as the risk of loss resulting from inadequate procedures, human or system errors or from external events. DLR's total risk-weighted exposures with operational risk accounted for around 2.5% of DLR's total risk-weighted exposures at end-2022.

Moreover, activities conducted by DLR are increasingly dependent on highly advanced IT systems. IT systems are generally vulnerable to a number of threats, including physical damage to vital IT infrastructure centres and software or hardware malfunctions and risks related to cybercrime and similar issues.

To the extent material operational risks were to materialise, it could affect DLR's possibility of meeting its payment obligations pursuant to Bonds issued under the Base Prospectus or other of DLR's payment obligations. At the

time of publication of this Base Prospectus, DLR considers the probability of material operational events to be low, but it is very difficult to assess the risk of DLR being exposed to serious cybercrime. At sector level, the cyber risk is considered to be high.

#### Risks pertaining to new regulation

DLR is subject to extensive legislation and supervision. Changes in supervision and regulation could materially affect DLR's business, the products and services offered and the value of DLR's assets. Although DLR works closely with its regulators and continually monitors the situation, future changes in regulation may be unpredictable and are beyond the control of DLR.

Changes to the rules on regulatory capital may involve a risk of additional or higher capital requirements being imposed on DLR. One example of such changes is the upcoming amendments to the CRR and the CRD, which will implement the proposal from the Basel Committee (Basel III).

DLR consistently monitors developments in the regulation of financial services companies.

Changes to legislation that, while not directly concerning DLR, affect DLR's business area of offering loans secured against real property (such as the regulation of real property), may also have a material adverse effect on DLR's possibilities of maintaining its current business volume. At the time of publication of this Base Prospectus, DLR considers the probability of losses resulting from new regulation to be low.

#### Resolution tools and authorities pursuant to BRRD

EU Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms as amended (BRRD) has been implemented in Danish legislation in the Act on Restructuring and Resolution of Certain Financial Enterprises, Consolidation Act No. 24 of 4 January 2019 (restructuring and resolution act) and in the Danish Financial Business Act. See section 4.13 Recovery and Resolution for a more detailed review of the BRRD rules.

DLR is subject to these rules.

If DLR is distressed or expected to be distressed according to the BRRD, the resolution authority has the possibility of intervention, etc. The resolution authority has the following powers:

1. selling all or a part of the business;
2. establishing a bridge institution;
3. separating assets; and
4. bail-in. According to the Act on recovery and resolution, bail-in cannot be applied in connection with recovery and resolution of mortgage credit institutions, including DLR.

In very exceptional circumstances and after the application to the greatest extent possible of the above-mentioned resolution tools, the minister responsible may decide that public subsidies be granted for the resolution of a mortgage credit institution.

According to BRRD and the Act on recovery and resolution, the resolution authority has wider powers to implement other resolution measures, including but not limited to changes to the terms and conditions of contracts (for instance changes to the interest amount accrued and/to impose temporary suspension of payments). All this may have a negative impact on the value of the Bonds in connection with sales.

All the measures mentioned may occur individually or in combination. When applying the resolution tools, the resolution authority must have the objective that the owners of the Bonds will not be worse off than they would in the event of normal insolvency proceedings ("the no creditor worse off principle").

Holders of SDOs and ROs hold a primary preferential right to the assets in the relevant capital centre. Holders of bonds issued according to Section 15 of the LRR hold a secondary preferential right to the assets in the relevant capital centre.

At the time of the publication of this Base Prospectus, it is the assessment of DLR that the probability that a situation will arise where the application of the resolution and recovery rules will be necessary is low.

#### Risks pertaining to the use of risk models

The Danish FSA has approved DLR's use of internal ratings-based risk models for calculating risk-weighted assets and the credit risk for the full-time agriculture portfolio. The model is in accordance with applicable national and international guidelines and has been approved by the Danish FSA. As these are internal models based on DLR's historical default and loss data and modelling assumptions and since previous conduct may not always be a reliable indicator of future conduct, there is a risk that the models may not adequately take into account the actual credit risk and the market, which could have a material adverse impact on DLR's results of operations.

DLR's internal models may be changed as a result of various factors, including changes in credit markets and customer portfolios, market volatility, changes in national or international legislation and changes in supervisory practices. Changes to the models may result in increased capital requirements for DLR, which could lead to DLR failing to meet its statutory capital requirements.

DLR has developed a new definition of default (DoD) and a new IRB PD model, which is in accordance with the EBA's new guidelines. The Danish FSA has approved the new DoD and PD model subject to certain conditions. Most conditions were met prior to implementation on 1 October 2022, and a few conditions will be met subsequently. DLR's LGD model is not in accordance with the new EBA guidelines, and DLR is currently developing a new LGD model. Until this model has been approved by the Danish FSA, DLR has made a capital reservation (non-compliance add-on) to mitigate the non-compliance risk.

At the time of publication of this Base Prospectus, DLR considers the probability of losses resulting from inadequate models to be low.

## 2.2 Specific risk factors pertaining to the Bonds

### The secondary market

There can be no assurance of a liquid market for the Bonds following issuance. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a return comparable with returns on similar investments in the secondary market.

At the time of publication of this Base Prospectus, DLR considers the probability of a lack of liquidity in the secondary market to be low to medium.

### Interest rate risk

An investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds, and there is also a risk of a negative coupon on floating-rate bonds without an interest rate floor.

As it is impossible to predict developments in market rates, it is impossible to assess the probability of an investor's investment in the Bonds being adversely affected due to changes in the market rate.

### Discontinuation of reference rates

The basis for determining the rate of interest on floating-rate Bonds that apply a reference rate or other benchmark may be disrupted if the relevant reference rate or benchmark is no longer published or listed, if the terms and conditions for such reference rates or benchmarks change materially, if one or more public authorities disputes the relevant reference rate or benchmark for fixing the interest rate on the Bonds, or if a relevant financial sector enters into an agreement with a public authority to use a different reference rate than the one agreed.

Investors should therefore be aware that, in connection with Bonds that use estimate-based reference rates as the basis for fixing a rate of interest, there may be a risk that, due to this work, such rates may be lower and/or more volatile by the time the Bonds mature than would otherwise have been the case and/or may have to be replaced by other reference rates that very likely would have other characteristics than those of the various reference rates they are to replace.

Investors should consult their own independent advisers and make their own assessment of the potential risks that ensue from the current work with Danish and international reference rates when making investment decisions about Bonds that use these reference rates.

At the time of publication of this Base Prospectus, DLR considers the probability of substantial losses resulting from discontinuation of reference rates to be low. DLR sees a medium probability of changes to existing reference rates.

Cita particulars

The method for determining the Cita reference interest rate was changed in 2022, and from 1 February 2023 the Cita rate will be determined as the daily fixed DESTROIS rate plus a premium of 0.19% (19bp). DESTROIS (Denmark Short-Term Rate) is an overnight reference rate based on transactions made in the unsecured deposit market in Denmark. Danmarks Nationalbank publishes DESTROIS at 10:00 on each Danish banking day.

From 1 January 2026, the Cita rate will be determined as the DESTROIS rate without any interest premium and will hence be 0.19 of a percentage point (19bp) lower. For bonds with interest rate fixing based on the Cita reference rate, the interest will thus also be 0.19 of a percentage point (19bp) lower.

### Risks pertaining to bankruptcy rules

Investors should assess the ranking of creditors related to an estate in bankruptcy under which the holders of Covered Bonds together with certain derivatives counterparties have a primary preferential right to all assets in the capital centre from which the Bonds have been issued, and the holders of Senior Secured Bonds have a secondary preferential right to all assets in the capital centre from which the Bonds have been issued. Any residual claims from the holders of Covered Bonds rank before unsecured claims against the assets of the Issuer's estate in bankruptcy, while the residual claims from the holders of Senior Secured Bonds may be proved as unsecured claims against the Issuer's estate in bankruptcy. Payments to Bond Holders will only stay unchanged if the Issuer has the means to do so.

### Key risks pertaining particularly to the bond structure of SDOs and ROs:

#### Loss of SDO status

If DLR fails to provide supplementary collateral for SDOs as set out in Danish law, the Bonds will lose their covered bond status, which may affect their value.

A 5% drop in prices of the properties provided as collateral would, all other things being equal, lead to a higher need for supplementary collateral to the tune of DKK 2.5-3.5 billion. In a situation of sharply falling property prices, DLR may for example need to issue bonds pursuant to section 15 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act OR subordinated senior debt etc. to cover the need for supplementary collateral.

At the time of publication of this Base Prospectus, DLR considers the probability of loss of SDO status to be low.

#### Non-compliance with the balance principle

In the course of its lending business, DLR applies the specific balance principle laid down in the Executive Order on the Issuance of Bonds, the Balance Principle and Risk Management (the Executive Order on Bonds). Applying the principle means there is a full funding match between the interest and principal payments received by DLR from borrowers and DLR's payments to Bondholders. In reality, the balance principle means that DLR does not assume any interest rate, exchange rate or liquidity risk – including prepayment risk on the lending business.

Failure to comply with the balance principle may cause the Issuer to lose its authorisation to issue Bonds, which may adversely affect the value of the Bonds.

At the time of publication of this Base Prospectus, DLR considers the probability of non-compliance with the balance principle to be low.

#### Bonds issued with a view to applying the proceeds for a certain purpose

Green Bonds are used to finance activities that meet the criteria described in DLR's "Green Bond Framework", which is available on DLR's website DLR Green Bond Framework. The criteria have been defined by DLR and are set out in the Green Bond Framework in force from time to time. Over time the criteria may change, and hence there is no guarantee that loans financed by green bonds will meet the criteria in force from time to time during the entire term to maturity of the bond.

The definitions in the Taxonomy Regulation, EU (2020/852) are considered by the market to be a future standard for activities deemed green and sustainable. The criteria for green activities defined in the Green Bond Framework are not fully consistent with those of the Taxonomy Regulation. For example, at the time of publication of this Base Prospectus, agriculture is not comprised by the technical screening criteria of the Taxonomy Regulation. DLR expects agriculture to be comprised by the screening criteria at a later stage. The probability of this having an adverse effect on the reputation or price of the Green Bonds is considered low to medium-high by DLR.

DLR uses third-party certification of its Green Bond Framework. At the time of publication of this Base Prospectus, the providers of opinions and certifications of green issues are not subject to monitoring, legislation or any other type of supervision.

Investors must on their own account assess the relevance of an opinion or certification and/or the information contained therein. In addition, investors should assess the provider of such opinion or certification prior to making an investment in Green Bonds.

#### Key risks pertaining particularly to the structure of Senior Secured Bonds:

##### Deferral of payments

DLR is entitled to defer payments to holders of Senior Secured Bonds if:

- 1) such payments would cause a breach of the balance principle; or
- 2) DLR has initiated a reconstruction pursuant to the Danish Bankruptcy Act; or
- 3) an order of liquidation is pronounced over DLR.

### Statutory maturity extension

Under the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, DLR is in certain special situations, as set out in section 4 "LEGAL FRAMEWORK GOVERNING DLR's BUSINESS" of this Base Prospectus, obliged to extend the term to maturity of Senior Secured Bonds. DLR must determine whether, and if so when, the conditions for statutory extension of term to maturity have been met.

## 3. Responsibility statement

### 3.1 DLR's responsibility

DLR Kredit A/S, CVR no. 25781309, Nyropsgade 1721, 1780 Copenhagen V, Denmark, accepts responsibility for this Base Prospectus in pursuance of Danish law.

### 3.2 Responsible persons

The persons listed below are responsible for this Base Prospectus on behalf of DLR:

#### **Board of Directors:**

Managing Director & CEO Vagn Hansen (Chairman)

Deputy Group Chief Executive Bjarne Larsen (Vice Chairman)

General Manager Claus Andersen

Deputy Director & CFO Frank Mortensen

Managing Director Carsten Leverin Jakobsen

Managing Director & CEO Lars Petersson

Managing Director Ole Beith

Head of Business Development and Communication Randi Holm Franke (Employee Board Member)

Chief Agricultural Client Manager Jakob G. Hald (Employee Board Member)

IT Operations Manager Lars Faber (Employee Board Member)

who, in accordance with authorisation of 8 May 2023, have authorised the Executive Board to sign the Base Prospectus and any future addendums.

#### **Executive Board:**

Managing Director & CEO Jens Kr. A. Møller

Managing Director Pernille Lohmann

### 3.3 Statement

The persons responsible, all the members of the Board of Directors and the Executive Board listed in 2 "Responsibility statement" represent that the information contained in the Base Prospectus is consistent with the facts to the best of their knowledge and belief and that nothing has been omitted which is likely to affect its content.

This Base Prospectus (including the statements contained herein) is hereby signed on behalf of DLR's Management by special authority of DLR's Board of Directors:

Copenhagen, 23 August 2023

Jens Kr. A. Møller

Pernille Lohmann

(Managing Director & CEO)

(Managing Director)

DLR declares that:

- a) the prospectus has been approved by the Danish Financial Supervisory Authority (the "Danish FSA") in its capacity as competent authority in compliance with Regulation (EU) 2017/1129;
- b) the Danish FSA only approves that this prospectus meets the standards of completeness, comprehensibility and consistency in compliance with Regulation (EU) 2017/1129; and
- c) the approval cannot be considered to be an approval of the issuer (DLR) comprised by this prospectus.

## 4. Legal framework governing DLR's business

DLR's business activities are regulated by Danish legislation. As a mortgage credit institution, DLR is subject to the Danish Mortgage Credit Loans and Mortgage Credit Bonds, etc. Act, the Danish Financial Business Act, the Executive Order on the Issue of Bonds, the Balance Principle and Risk Management ("the Bond Executive Order") and other executive orders issued pursuant to the above legislation.

This legislation governs the way in which DLR may fund lending against registered mortgages on real property, defines limits for the size, repayment profile and currency, interest rate and liquidity risks of individual loans and exposures and lays down capital requirements for issuers. The legislation also regulates the raising of loans with a view to providing supplementary collateral for the SDOs issued and provides rules on supervision.

Furthermore, DLR is subject to EU-based legislation, including Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended ("CRR"). CRR lays down, among other things, requirements regarding own funds, requirements regarding limitation of large exposures, liquidity requirements as well as reporting and disclosure requirements in relation thereto.

DLR is subject to supervision by the Danish FSA, which forms part of the Danish Ministry of Industry, Business and Financial Affairs. The Danish FSA carries out ongoing supervision of DLR's operations, including by on-location inspections and through regular reporting by DLR. Furthermore, the Danish FSA monitors DLR's compliance with the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the Danish Financial Business Act, etc.

The following paragraphs provide an overview of the legislation regulating the Bond issuance and the operations of the mortgage bank.

If the legislation regulating the business of DLR is changed, DLR reserves the right to amend this Base Prospectus by a prospectus supplement, so that DLR's future issuance of Bonds under this Base Prospectus comply with the legislation in force at any given time and the business opportunities this provides.

### 4.1 Lending

DLR is authorised to lend against registered mortgages on real property, to provide unsecured loans to public sector entities, loans guaranteed by public sector entities or loans granted against other unsubordinated claims with and guarantees issued by credit institutions on the basis of SDOs and ROs.

DLR is authorised by the Danish FSA to issue SDOs and ROs. By extension, DLR is also authorised to issue bonds pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (Senior Secured Bonds).

## 4.2 Assets eligible as security for the issuance of SDOs and ROs

Under Article 129 of CRR, the following types of assets qualify as collateral for the issuance of ROs and SDOs:

- Loans secured by a registered mortgage on real property, including loans secured by temporary collateral.
- Loans secured by a registered mortgage on real property, including loans secured by temporary collateral provided by other credit institutions in accordance with the statutory provisions on joint funding.
- Bonds and debt instruments issued by or guaranteed by public sector entities and central banks.

In addition, the following types of assets qualify as collateral for the issuance of SDOs:

- Exposures to or guaranteed by central governments, central banks, public sector entities or regional governments or local authorities in the EU.
- Exposures to credit institutions (such as guarantees) qualifying for credit quality step 1, provided that the total exposure does not exceed 15% of the nominal amount of the cover pool relating to the outstanding SDOs. Based on the level of concentration of the Danish mortgage credit system, Denmark has obtained permission to also apply exposures to credit institutions qualifying for credit quality step 2 up to 10% of the amount of outstanding SDOs, provided that the total exposure to credit institutions does not exceed 15% of the cover pool.
- Exposures to financial instruments concluded to hedge risk with credit institutions as the counterparty are included in the above 15% or 10% limit. Any exceeding of this limit must be immediately remedied by provision of supplementary collateral in secure and liquid assets not encompassed by the 15% or 10% limit mentioned above. In order to qualify as cover, financial instruments applied to hedge risks between assets and issued bonds must be concluded with a counterparty qualifying for credit quality step 2 or higher. The requirement as to the counterparty's credit quality step must be complied with at all times.

DLR's placement of claims arising in connection with mortgage payments on and redemptions of loans secured by mortgages on real property, refinancing and pre-issuance is not included in the 15% or 10% limit. Similarly, the placement – within the capital centre – of funds from the lending business in own bonds is not included in the 15% or 10% limit.

Financial instruments may be included only if they are applied to hedge risks between assets relating to, on the one hand, the series (the capital centre) and, on the other, the bonds issued, provided that the agreement on the financial instrument provides that the mortgage bank's initiation of reconstruction pursuant to the provisions of the Danish Bankruptcy Act, bankruptcy or non-compliance with the duty of providing supplementary collateral does not constitute breach of contract.

Assets provided as security for issued SDOs or ROs are held in separate capital centres. ROs and SDOs may not be issued out of the same capital centre.

## 4.3 Lending limits

In connection with lending against registered mortgages on real property financed by issuing SDOs and ROs, mortgage banks must carry out valuation and assess loans pursuant to the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act; the Executive Order on Valuation of Collateral and Lending

against Real Property placed as Collateral for the Issue of Covered Bonds; and the Executive Order on the Valuation and Granting of Loans of Mortgage Credit Institutions.

Loans against mortgages on real property are assessed on the basis of the value of the mortgaged property. The purpose of the rules on valuation and assessment of loans is to ensure that loans are granted in accordance with the statutory limits.

The value of the assets covering the SDOs, see section 33b(3) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, must at any given time correspond at least to the value of the SDO issued, and the security for the individual mortgage loan included as such an asset must comply at all times with the loan limit applicable to the property category in question.

Loans may be granted for the following property categories with a loan-to-value limit of 80%:

- Owner-occupied residential homes
- Cooperative housing societies
- Private rental housing
- Non-profit housing
- Youth housing
- Housing for the elderly etc.
- Properties for social, cultural and educational purposes (the LTV limit for mortgages based on the issuance of SDOs is 60% for this property category. This LTV limit may be raised to 70% if supplementary collateral of no less than 10% is provided for the portion of the loan exceeding the 60% LTV limit).

Loans may be granted for the following property category with an LTV limit of 75%:

- Holiday homes

Loans may be granted for the following property categories with a loan-to-value limit of 70% (loans granted on the basis of ROs) and 60% (loans granted on the basis of SDOs):

- Agricultural and forestry property, market gardens, etc.

The LTV limit of 60% (for loans granted on the basis of SDOs) may be raised to 70% if supplementary collateral of no less than 10% is provided for the portion of the loan exceeding the 60% LTV limit.

Loans may be granted for the following property categories with a loan-to-value limit of 60%:

- Office and retail property
- Manufacturing and manual industry property
- Collective energy plants

- Holiday homes for commercial letting

The LTV limit of 60% (for loans granted on the basis of SDOs) may be raised to 70% if supplementary collateral of no less than 10% is provided for the portion of the loan exceeding the 60% LTV limit.

Loans may be granted for the following property category with a loan-to-value limit of 40%:

- All other property, including undeveloped sites.

#### **4.4 Repayment profile and term of lending granted against mortgages on real property**

The maximum term of a loan granted against a mortgage on real property is 30 years. Determination of the loan term and repayment profile must consider the expected impairment of the collateral value. However, the maximum term is 40 years for loans for non-profit housing, youth housing and co-operative housing, if lending is granted on the basis of a subsidy commitment made in accordance with the Danish act governing non-profit housing and subsidised co-operative housing etc.

Notwithstanding the quality of the security provided, loans granted for owner-occupied properties and holiday homes may not be amortised over a longer term than a 30-year loan amortised over its loan term with repayments constituting a fixed percentage of the principal (annuity loan). Within the term of the loan, this requirement may be derogated from for a period of up to ten years with due consideration to the expected impairment of the collateral.

If the loan-to-value ratio does not exceed 75% for loans financed by way of covered bonds, no requirements apply with respect to maximum term, amortisation and maximum deferred amortisation for loans to owner-occupied residential homes, co-operative housing, private residential rental properties, non-profit housing, youth housing and senior housing, etc. The term for these loans may be significantly longer and may ultimately be granted without time limitations.

DLR currently does not apply the legislative possibility of extending terms without time limitation.

#### **4.5 Liability for lending granted against registered mortgages on real property**

For loans granted against mortgages on real property, borrowers are liable both personally and to the extent of the mortgaged property. The Issuer may waive the requirement of personal liability.

#### **4.6 Capital centre**

DLR issues SDOs and ROs through its capital centres. SDOs and ROs cannot be issued from the same capital centre.

SDOs are currently issued from DLR's Capital Centre B.

ROs are currently issued from DLR's General Capital Centre.

Capital centres that issue SDOs and ROs may issue Section 15 Bonds with a view to increasing overcollateralisation in the capital centre. Capital centres that issue SDOs may also issue Section 15 Bonds with a view to providing supplementary collateral. See section 4.7 Admission to raising loans.

If DLR opens additional capital centres at a later date, such capital centres may be covered by the eligible assets of this Base Prospectus subject to the publication of a supplementary prospectus.

#### **4.7 Admission to raising loans**

Mortgage banks authorised to issue SDOs may raise loans pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, including through issuance of bonds (Senior Secured Bonds) secured against the assets of a capital centre, with a view to satisfying the requirement for the provision of supplementary collateral for the SDOs issued, or with a view to increasing the excess cover in a capital centre.

Senior Secured Bonds may be issued before the requirement for providing supplementary collateral arises.

The Final Terms for the relevant issue must state the capital centre to which the loan funds are allocated.

The funds must immediately be placed in investment grade assets, see Article 129 of CRR. As from the time when the loan is raised or the bonds are sold, the assets must be placed in a separate account, a separate custody account or otherwise be designated as deriving from the relevant loan until the assets, where necessary, are to be used as supplementary collateral or as excess cover. The requirement regarding the placement of the funds in investment grade assets applies irrespective of whether or not they have been used as supplementary collateral or as excess cover.

When the assets are used as supplementary collateral or excess cover, they must be included in the relevant capital centre. However, there is no requirement for marking or segregation of the supplementary collateral. The deposited supplementary collateral is therefore part of the general assets of the capital centre. This security is thus not dedicated solely to holders of Senior Secured Bonds.

#### **4.8 Balance principle**

Pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, mortgage banks must comply with a balance principle and a set of risk management rules in connection with the issuance of ROs or SDOs. The provisions are specified in the Executive Order on the Issuance of Bonds, the Balance Principle and Risk Management (the Executive Order on Bonds) issued in pursuance of the Act.

The Executive Order on Bonds sets out limits to the differences allowed between the payments from borrowers servicing loans secured against mortgages on real property, unsecured lending to public sector entities or based on public guarantee, other placements in assets eligible as collateral, derivative financial instruments to hedge cash flow differences and placements of funds pursuant to section 4(5) of the Executive Order on Bonds on the one hand, and payments to holders of ROs, SDOs, other securities with preferential status issued by mortgage banks and derivative financial instruments to hedge cash flow differences on the other hand. The Executive Order on Bonds sets forth loss limits to the interest rate, currency, option and liquidity risk arising from cash flow differences in the balance sheet.

The Executive Order on Bonds further contains a number of other provisions limiting financial risks. Funds raised through borrowing pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, including through the issuance of bonds, are governed solely by separate provisions on financial risk limits in the Executive Order. The same provisions apply to the mortgage bank's securities portfolio.

The balance principle and risk management rules are based on the following two main points:

A. Statutory requirements for placing the proceeds in eligible assets when a mortgage bank issues ROs or SDOs and other securities with preferential status issued by a mortgage bank.

B. Exposure to interest rate, exchange rate and option risks is only permitted to a limited extent.

However, various technical aspects in relation to the lending activities of a mortgage bank cause a number of placements of funds to not be subject to the statutory limit to other unsubordinated claims against other mortgage banks in connection with the issuance of ROs and SDOs:

- Placement of funds in connection with the disbursement of new loans, refinancing or prepayment of existing loans that will lead to an outstanding amount of bonds for which the mortgage bank has not yet obtained a registered mortgage on real property (disbursements and refinancing) or awaits redemption of outstanding bonds (refinancing and prepayment).
- Registration guarantees that provide temporary collateral in connection with lending against a mortgage on real property until a registered mortgage has been produced.
- Own-issued bonds within the same capital centre.

The balance principle may be complied with by fulfilling the provisions of either the general balance principle (see part 2 of the Executive Order on Bonds) or the specific balance principle (part 3 of the Executive Order on Bonds).

### The general balance principle

The present value of future payments into the capital centre must at any time exceed the present value of future disbursements from the capital centre. Further, interest payments to the capital centre must exceed interest payments from the capital centre over a period of 12 months. Excess cover and liquidity investments may be included as interest payments to the capital centre, provided that they have been made in secure and liquid securities.

A mortgage bank may only assume limited interest rate risk arising from differences between future cash outflows on SDOs, ROs, other securities issued by the mortgage bank and financial instruments to hedge payment differences, and future cash inflows on mortgage deeds, lending to public sector entities or secured by a public guarantee, placements of funds and financial instruments to hedge payment differences. The interest rate risk is calculated as the largest decrease in the present value resulting from six different assumed yield curve developments. The interest rate risk must not exceed 1% of the solvency requirement for mortgage banks plus 2% of the additional excess cover or 5% of the solvency requirement for mortgage banks plus 10% of the additional excess

cover, depending on the assumed yield curve developments. Notwithstanding the fact that mortgage banks are not entitled to offset interest rate risks resulting from different currencies, they are entitled to offset an interest rate exposure resulting from differences in payments in EUR against an interest rate exposure resulting from differences in payments in DKK by up to 50% of the interest rate risk in the currency with the numerically smaller interest rate risk. In connection with the establishment or closure of a capital centre, the interest rate exposure must not exceed DKK 20 million, irrespective of the limits stipulated above. The interest rate exposure on the mortgage bank's securities portfolio may not exceed 8% of its own funds.

A mortgage bank may only assume limited currency exposure arising from differences between future cash outflows on SDOs, other securities issued by the mortgage bank and financial instruments to hedge payment differences, and future cash inflows on mortgage deeds, lending to public sector entities or secured by a public guarantee, placements of funds and financial instruments to hedge payment differences. Currency exposure is measured as the loss incurred from an increase or a decrease of 10% in exchange rates for currencies within the EU, EEA or Switzerland against DKK and as the loss incurred from an increase or decrease of 50% in the exchange rates for all other currencies against DKK. For mortgage banks, the calculated currency exposure may not exceed 10% of the solvency requirement plus 10% of additional excess cover for EUR or, for other currencies, 1% of the solvency requirement plus 1% of additional excess cover. For the securities portfolio of a mortgage bank, the currency exposure may not exceed 10% of its own funds.

Risk exposure pertaining to hedging of conditional (asymmetric) claims on debtors as well as term mismatches between conditional (asymmetric) claims on debtors and options hedging exposures in a capital centre must be limited. The option risk is measured on the basis of the vega risk parameter and is stated as the larger loss of the present value of cash flows resulting from two different assumed volatility structure developments. The option risk may not exceed 0.5% of the solvency requirement for mortgage banks plus 1% of the additional excess cover. Notwithstanding the fact that mortgage banks are not entitled to offset option risks resulting from different currencies, they are entitled to offset an option risk resulting from differences in payments in EUR against an option risk resulting from differences in payments in DKK by up to 50% of the option risk in the currency with the numerically smaller option risk.

#### The specific balance principle

The differences between the present value of future cash outflows on SDOs, other securities and financial instruments on the one side, and the present value of future cash inflows on mortgage deeds, financial instruments and placements of funds on the other must be calculated on a discounted daily cumulative basis for all future cash inflows and outflows.

Any future cash deficit resulting from the cash outflow exceeding the cash inflow may not exceed the following limits in respect of the mortgage bank's own funds:

- 25% in year 0 to year 3;
- 50% in year 4 to year 10; and

- 100% effective from year 11.

Each period runs from the date of calculation.

The mortgage bank may not assume an interest rate risk arising from the listed cash flow differences of more than 1% of its own funds. Payment differences do not include excess cash flows resulting from debtors making full or partial payments prior to the mortgage bank's payments to the owners of the underlying SDOs, unless the debtor is entitled to compensation for such early payment. In connection with the establishment or closure of a capital centre, the interest rate risk must not exceed DKK 20 million, irrespective of the limits stipulated above. The interest rate risk on the mortgage bank's securities portfolio and funds raised through the issuance of bonds in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (senior secured bonds) may not exceed 8% of its own funds.

The currency exposure on the mortgage bank's assets, liabilities and off-balance sheet items may not exceed 0.1% of its own funds. The exchange rate risk is calculated on the basis of currency indicator 2.

#### **4.9 Capital adequacy**

The Issuer must have own funds representing at least 8% of its Risk Exposure Amount. This requirement applies to DLR overall, DLR Capital Centre B, DLR General Capital Centre and any capital centres DLR might subsequently decide to establish.

In the event that a capital centre is unable to meet the capital adequacy requirement, funds must be transferred from the General Capital Centre, unless such transfer would prevent the General Capital Centre itself from meeting the 8% capital adequacy requirement. Excess capital may be transferred from individual capital centres to the General Capital Centre. Transfer of excess capital to the General Capital Centre is subject to a resolution by DLR's Executive Board.

DLR's capital management is based on Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the "CRR Regulation"), the Danish Financial Business Act and the Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need, together with the capital target set by the Board of Directors.

Among other things, the CRR/CRD rules governing mortgage bank own funds set forth requirements for more and better capital and the introduction of a number of capital buffers (capital conservation buffer, company-specific countercyclical capital buffer and systemic risk buffer), which must all be met by Common Equity Tier 1 capital.

The capital conservation buffer is 2.5% of the Risk Exposure Amount, while the countercyclical buffer is in the 0 to 2.5% range and amounted to 2.0% at end-2022. Effective from 31 March 2023, it was most recently raised to 2.5% following a decision made by the Danish Minister for Industry, Business and Financial Affairs.

The Danish FSA each year designates the systemically important financial institutions (SIFIs) in Denmark. The Danish FSA makes its SIFI designations on the basis of 12 different indicators. If the combined indicators exceed 100

basis points, the institution will be designated a SIFI. As DLR is designated a SIFI, DLR must maintain a SIFI buffer that currently constitutes 1.0% of the Risk Exposure Amount.

Sanctioned by the Danish FSA, DLR has since the end of Q1 2016 applied the IRB approach for purposes of calculating risk exposures for credit risk on DLR's loan portfolio to full-time farms. Consequently, a deduction from or an addition to own funds must be made to reflect the difference between expected IRB losses and current impairment losses.

At 31 December 2022, DLR's equity amounted to DKK 15,791 million, consisting of share capital of DKK 570 million, distributable reserves of DKK 12,833 million and a tied-up capital reserve of DKK 2,338 million.

At 31 December 2022, DLR's own funds after deductions amounted to DKK 17,004 million, corresponding to a capital ratio of 24.3%, with the risk exposures for credit risk on the loan portfolio to full-time farms being computed according to the IRB approach, while the credit risk on the remaining part of the portfolio has been determined using the standard method.

DLR's total regulatory capital requirement at end-2022 was 14.7%, consisting of an individual solvency need of 9.2% and capital buffers of a total of 5.5%. Relative to the above-mentioned capital ratio of 24.3%, this corresponds to an excess capital cover of 9.4 percentage points because DLR has also reserved DKK 152 million, equal to 0.2% of the risk exposure to satisfy the debt buffer requirement.

On 20 July 2011, the European Commission presented a proposal to review the Capital Requirements Directives (2006/48/EC and 2006/49/EC), including implementation of Basel III in the European Union. The final versions of the CRR and the CRD IV Directive were adopted in June 2013. The CRR entered into force on 1 January 2014, whereas the CRD IV Directive was implemented in Denmark in March 2014. The framework implemented, among other things, Basel III in the European Union. Each of the CRR and the CRD IV Directive covers a wide range of prudential requirements for banks across Member States, including capital requirements, stricter and aligned definitions of capital, risk exposure amounts, leverage ratio, large exposure framework and liquidity and funding requirements. The CRD IV Directive covers the overall supervisory framework for banks (including the individual risk assessment) and other measures such as the combined capital buffer requirements, SIFI requirements and governance and remuneration requirements.

As a consequence of ongoing changes of already published regulatory technical standards under both the CRR and the CRD IV Directive, and ongoing development of regulatory technical standards yet to be published there remains the risk of possible changes. The European Banking Authority (the "EBA") is responsible for publishing and updating technical standards under the CRR and the CRD IV Directive.

Under the CRR, credit institutions are required to hold a minimum amount of regulatory capital equal to 8% of the Risk Exposure Amount (of which at least 4.5% must be Common Equity Tier 1 capital, and at least 6% must be Tier 1 capital). In addition to these so-called minimum requirements, the competent authorities may, pursuant to the CRD, require that credit institutions maintain additional capital in connection with risks not fully covered by the minimum own fund requirements.

In addition, the CRR and the CRD Directive include a requirement for credit institutions to calculate, report, monitor and publish their leverage ratio, defined as their Tier 1 capital as a percentage of their total exposure measure.

On 23 November 2016, the European Commission proposed a reform of the CRR and the CRD IV Directive by way of a proposal (COM (2016) 850) to amend the CRR and by way of a proposal (COM (2016) 852) to amend the CRD IV Directive (together the "CRR II/CRD V Amendment Proposal"). In mid-2019, a political agreement was reached on the amendment proposals which were published in the Official Journal of the European Union on 7 June 2019.

The amendments based on the revised regulation and directive include, among other things, a leverage ratio minimum requirement of 3% Common Equity Tier 1 capital, harmonised binding requirement for stable funding (the Net Stable Funding Ratio or "NSFR"), strengthening of the conditions for use of internal models and changes to the relevant regulator's application of the institution specific Pillar II capital add-ons (referred above as the additional own funds requirements).

In 2021, the European Commission tabled a proposal for the implementation of the last part of the so-called Basel III standards. The proposal includes a floor requirement and revised rules for credit, market and operational risk.

#### **4.10 Covered bonds directive**

On 27 November 2019, a new Covered Bonds Directive (EU 2019/2162) and a new Covered Bonds Regulation (EU 2019/2160) were adopted, which will henceforth establish the framework of EU-harmonised "European Covered Bonds". The Covered Bonds Directive was to be implemented into national law by 8 July 2021, and the rules applied from 8 July 2022.

To a great extent, the EU regulation will continue previous Danish regulation of covered bonds, mortgage-covered bonds and mortgage bonds.

The directive has specified the core elements of covered bonds and created a common definition under the designation of "European Covered Bond". Going forward, the definition is expected to become the foundation for the regulation of covered bonds in other EU regulation.

The directive, which is implemented in the Danish Mortgage Credit Loans and Mortgage Credit Bonds, etc. Act, determines which types of assets may be provided as security for covered bonds and the basic characteristics of covered bonds. This includes, among other things, that in the event of bankruptcy, investors are entitled to claim against both the assets provided as security for the loan and the issuer ("dual recourse"). Other elements include, among other things, the use of derivatives, maturity extension of covered bonds, coverage requirements, liquidity buffer, transparency requirements and covered bond specific public supervision.

The rules are to a great extent based on identification of best practices previously performed by the European Banking Authority (EBA).

Covered bonds fulfilling the previous rules of the EU's CRR as well as certain stricter requirements can still benefit from lower risk weights and thus lower capital requirements in relation to other bonds.

The Covered Bonds Directive includes provisions on the grandfathering of covered bonds issued before the new EUR regulation comes into force. This means that covered bonds issued before the new regulation enters into force will maintain their status as covered bonds under the new regulation. Only covered bonds issued after 8 July 2022 are comprised by the new rules.

On 8 June 2021, the Danish parliament adopted the Act (no. 1166 of 8 June 2021) to amend the Mortgage Credit Loans and Mortgage Credit Bonds Act, the Financial Business Act and the Act on a Ship Finance Institute (Implementation of directive on the issue of covered bonds and covered bond public supervision and determining overcollateralisation requirements etc. on the basis of the Capital Requirements Regulation (CRR)). The act entered into force on 8 July 2021 with effect from 8 July 2022. DLR's mortgage bonds ("RO") only comply with the requirements of the directive and will henceforth be designated as European Covered Bonds, while DLR's mortgage covered bonds ("SDO") will also comply with the supplementary CRR requirements on overcollateralisation and consistent compliance with lending limits, and will be designated as European Covered Bonds (Premium).

#### **4.11 Placement of liquid funds**

As a consequence of the Danish LCR implementation for SIFI institutions, as from 1 October 2015 SIFIs must comply with an LCR requirement.

The LCR (Liquidity Coverage Ratio) requires a credit institution to hold sufficient liquidity to cover its liquidity needs for a period of 30 consecutive days. The LCR requirement is defined in a delegated regulation (the LCR Regulation). The LCR is expressed as a percentage that must at all times be at least 100 and is calculated as the institution's liquidity buffer as a percentage of the net liquidity outflow over 30 days.

DLR's liquidity buffer consists of High Quality Liquid Assets ("HQLA"), including cash in hand, the current account with the Danish Central Bank, government bonds and covered bonds (ROs, SDOs, SDROs) issued by other Danish mortgage banks. Covered bonds may be included in the liquidity buffer as so-called "level 1B" assets if the size of the bond series is more than EUR 500 million, subject to a 7% haircut. If the size of the bond series is more than EUR 250 million, the bonds may be included as so-called "level 2A" assets, subject to a 15% haircut.

DLR must also comply with a Pillar II liquidity requirement for mortgage credit institutions determined by the Danish FSA. The Pillar II add-on, which took effect on 8 July 2022, replaced the previous LCR floor requirement determined by the Danish FSA.

#### **4.12 Refinancing risk**

Special conditions regarding statutory maturity extension and interest rate fixing apply in connection with refinancing of SDOs comprised by section 6 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (Consolidation Act no. 315 of 11 March 2022).

Interest rate trigger

If the term to maturity of a mortgage-credit loan is longer than the term to maturity of the underlying SDOs and the Bonds are fixed-rate or floating-rate bonds with a term to maturity of up to and including 24 months at the time of the refinancing of the loan, the maturity of the Bonds to be replaced by new bonds at expiration will be extended by 12 months if the yield to maturity in connection with the refinancing becomes more than 5 percentage points higher than a given reference rate. The reference rate, the terms and conditions for the arrangement of bond sales and the interest rate fixing on extended bonds appear from item 4.8.7 in the "Securities note" in this Base Prospectus. On maturity of the bonds concerned after the 12-month extension, new bonds must be issued to replace them. At this issue, the 1st clause does not apply.

#### Refinancing failure trigger

If the term to maturity of a mortgage-credit loan is longer than the term to maturity of the underlying SDOs, the maturity of the Bonds to be replaced by new bonds at expiration will, if buyers cannot be found for the volume of Bonds required to be refinanced, be extended by 12 months at a time until refinancing can be completed with buyers for all the new bonds required. Item 4.8.7 in the "Securities note" in this Base Prospectus specifies how the interest rate on extended bonds is determined.

#### Statutory maturity extension - Senior Secured Bonds

If the maturity of SDOs issued by DLR is extended under the statutory maturity extension based on the refinancing failure trigger, DLR must extend the maturity correspondingly for Senior Secured Bonds that have been issued out of the same capital centre and have been used as supplementary collateral for the extended SDOs, if these Senior Secured Bonds mature during the extension period. However, the Senior Secured Bonds in question may be redeemed at ordinary maturity if DLR issues or has issued new loans to replace these in full or in part. The extension may comprise the entire or part of a given ISIN.

Reference is made to item 4.8.7 of section 8 "SECURITIES NOTE" in this Base Prospectus for a more detailed description of the provisions governing statutory extension of bond maturities.

#### **4.13 Recovery and resolution under the BRRD**

On 15 May 2014, the European Parliament and the Council of the European Union adopted the BRRD. The BRRD, including the general bail-in tool and the minimum requirement for own funds and eligible liabilities ("MREL") has been implemented into Danish law with effect as of 1 June 2015 by the Danish Recovery and Resolution Act and by amendments to the Danish Financial Business Act.

The BRRD is designed to provide authorities designated by Member States with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing credit institution or investment firm (each, an "institution") to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe,

and (c) a resolution action is in the public interest. The relevant resolution authority may use the following resolution tools and powers alone or in combination without the consent of the institution's creditors: (i) sale of business; (ii) bridge institution; (iii) asset separation; and (iv) bail-in relating to eligible liabilities (the "general bail-in tool"). The general bail-in tool is not applicable for specialised mortgage banks such as the Issuer.

An institution will be considered as failing or likely to fail when either: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances).

The BRRD also provides resolution authorities with broader powers to implement other resolution measures with respect to distressed institutions, which may include (without limitation) the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

With the implementation in Denmark of the BRRD, Danish commercial banks, but not mortgage banks such as the Issuer, are required to have bail in-able funds in order to fulfil the Minimum Requirement for own funds and Eligible Liabilities ("MREL"). In connection with the Danish implementation of BRRD, it was decided that all Danish mortgage bank, such as the Issuer, must have a debt buffer of 2% calculated on the basis of the total un-weighted lending of the individual mortgage bank.

On 29 May 2018, Bill no. 184 was adopted by the Danish Parliament. The Debt Buffer Amendment states that if a Danish mortgage bank, such as DLR, has been designated as a SIFI, the debt buffer requirement must be set at a level that ensures that the combined requirement for the mortgage bank's debt buffer and own funds amounts to at least 8% of the institution's total liabilities. This requirement became fully applicable from 1 January 2022.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors.

BRRD requires an internal recovery plan to be prepared by the financial undertaking and an external resolution plan to be prepared by the authorities. In its capacity as a SIFI, DLR must at 1 October of each year update and submit a recovery plan to the Danish FSA, and the Danish FSA must prepare a resolution plan for DLR, see the Danish Financial Business Act.

DLR's recovery plan describes the measures taken by DLR to ensure that it does not encounter financial difficulties making a resolution necessary. The recovery plan contributes to ensuring that financial difficulties are addressed swiftly, and that the measures set out in the plan are put into action with a view to sustaining DLR's long-term viability. The recovery plan describes different stages of DLR's emergency management and indicators of these stages. The plan describes capital and liquidity measures as well as other matters of relevance to internal crisis management.

DLR's recovery plan has been prepared taking into account the technical standards (RTS) and guidelines (GL) of the European Banking Authority (EBA).

The Danish Financial Business Act and the Danish Act on Restructuring and Resolution of Certain Financial Enterprises set out the following additional requirements in relation to recovery and resolution:

DLR must in the period 2015-2024 make deposits to a resolution fund that will contribute to resolving failing institutions. Mortgage banks contribute less to the resolution fund than commercial banks as mortgage banks do not accept deposits.

DLR must have a debt buffer calculated on the basis of its total unweighted lending, see item 4.14 below.

In the event that DLR experiences a significant deterioration of its financial situation, the Danish FSA may require DLR to implement relevant measures.

If resolution proceedings are initiated for DLR, Finansielt Stabilitet is required to write down or convert DLR's relevant capital instruments into common equity tier 1 instruments when the conditions for resolution have been met. Finansielt Stabilitet may then apply the following resolution tools:

- A sale of all or a certain part of the shares or the institution's assets or liabilities to a third party;
- Transfer to a temporarily state-owned company;
- Transfer to a portfolio management company; and/or
- Write-down/conversion (bail-in) of DLR's contractual obligations. Mortgage banks are explicitly exempted from statutory write-down/conversion (bail-in) of instruments other than capital instruments, see 4.14 Debt buffer below.

#### **4.14 Debt buffer**

As a mortgage credit institution, DLR must comply with a two-part debt buffer requirement. The debt buffer requirement is set to represent a minimum of 2% of total unweighted lending, while the sum of the requirement for the issuer's capital and debt buffer must constitute 8% of the total liabilities. The debt buffer may consist of equity, additional tier 1 capital, tier 2 capital and unsecured senior debt. All capital/debt should be issued from the General Capital Centre. Furthermore, the issued capital/debt must have a maturity of at least two years when issued.

At the time of the Base Prospectus, DLR has issued subordinated senior debt totalling DKK 4 billion with a view to satisfying the debt buffer requirement. SNP is subordinate senior debt which may be written-down or converted into share capital in the event of a liquidation of the Issuer. SNP is included in S&P's Loss-Absorbing Capacity ("ALAC") and thus support DLR's issuer rating.

ISIN	Type	Amount (DKKm)	Issuance date	Maturity date
Dk0006352273	SNP	1,000	3 November 2020	1 July 2024
DK0006352943	SNP	1,000	8 June 2021	1 July 2025
DK0006356266	SNP	700	15 June 2022	2 July 2026
DK0006359609	SNP	300	15 June 2022	2 July 2026

#### 4.15 Bankruptcy

If DLR becomes insolvent, the Danish FSA may file a petition in bankruptcy. After a bankruptcy order has been issued, funds cannot be transferred between capital centres and the institution in general. The amount for which holders of ROs and SDOs and other securities have secured creditor status equals the assets available in a capital centre from time to time net of allocation of income and expenses.

If an institution is declared bankrupt, the funds of a capital centre, less costs incurred in connection with bankruptcy proceedings, etc., including liquidator's fees, salaries, etc., will be used to satisfy claims notified by holders of ROs and SDOs and other securities. Covered next is debt raised by the mortgage bank for the purpose of providing supplementary collateral, cf. section 27 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, for the relevant capital centre and claims for interest on such debt accrued from the date of the bankruptcy order. Pursuant to section 32 of the Bankruptcy Act, any excess funds will be included in the assets available for distribution.

Financial instruments qualify as assets or liabilities of a capital centre only if they are used for hedging risks between the assets relating to the capital centre on the one hand and the Bonds issued on the other, and if the agreement on the financial instrument specifies that a suspension of payments, bankruptcy or failure to comply with the request for supplementary capital of the mortgage bank does not constitute breach. If a mortgage bank is declared bankrupt, counterparties to the financial instruments concluded to hedge risks in a capital centre rank equally with the Bondholders.

The company in bankruptcy cannot effect payment in satisfaction of claims raised by holders of Bonds or other securities earlier than the date on which the mortgage bank was entitled to be discharged by effecting such payments. The liquidator must continue or resume as far as possible the fulfilment of a mortgage bank's obligations, in the form of payment of interest and repayment of capital to holders of Bonds and other securities in the individual capital centres. Insofar as there are insufficient funds, interest is paid to holders of SDOs, ROs and other securities before any drawings are effected.

The liquidator may issue refinancing bonds in replacement of expired Bonds in a bond series. If the bankruptcy trustee or liquidator is not allowed to issue refinancing bonds or if buyers cannot be found for the volume of Bonds required to be refinanced, the maturity of the Bonds will be extended by 12 months at a time. The bankruptcy trustee or liquidator determines the interest rate of the extended Bonds to a floating reference rate plus up to 5 percentage points.

If the Bonds are extended in connection with refinancing because buyers cannot be found for the volume of Bonds required to be refinanced, the maturity of bonds issued pursuant to section 15 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act that mature during the extension period and which are connected to the extended Bonds, will be extended according to the maturity of the extended Bonds.

#### **4.16 Arrears**

If payments on a mortgage loan are not made in due time, DLR has the option of arranging a compulsory sale in order to raise funds for repayment. During any period in which the debtor fails to service his mortgage, DLR will pay the Bondholder for as long as funds are available in the capital centre.

## 5. Overview of DLR'S business activities

### 5.1 Background

DLR is a Danish mortgage-credit institution subject to the Danish Financial Business Act. DLR conducts mortgage-credit activity and closely associate activities. DLR can issue CRD-compliant covered bonds (SDO) or UCITS-compliant covered bonds (RO) to fund the lending, supplemented by the issuance of debt securities for the purpose of LTV fulfilment, fulfilment of OC requirements from rating agencies, and compliance with the debt buffer requirement.

### 5.2 Business model

DLR grants loans against mortgages on real property within the agricultural (including residential farms), urban trade and cooperative housing sectors. Urban trade is a catch-all term for private residential rental properties, office and retail properties, public housing properties, manufacturing and workshop properties, community power plants and "other properties" (mainly unbuilt land). Since 2002, DLR has also, albeit to a limited extent, been granting loans in Greenland and since 2009 the Faroe Islands. At end-December 2022, DLR's loan portfolio in terms of outstanding nominal bond debt amounted to DKK 181.9 billion.

At the time of this Base Prospectus, DLR only issues SDOs to fund the mortgage-credit lending. DLR stopped issuing ROs for purposes of funding mortgage-credit loans at the beginning of 2008 in connection with the transition to SDO funding and the opening of a new Capital Center B for the issuance of SDOs.

DLR is owned by 46 local and nationwide banks, etc. The banks refer loans to DLR and receive agency fees and commissions from DLR, including commissions for providing loss guarantees on loans referred to DLR. Annual share redistributions aim at balancing the individual bank's ownership share with its share of provided loan.

DLR had 229 FTE employees on average in 2022. In addition, a number of locally employed agricultural valuers are affiliated to DLR. DLR has no branch offices, as loans are distributed through the branch networks of the loan-distributing shareholder banks. DLR receives loan applications via the applicant's bank, after which DLR's independent valuation experts value the property. The application outcome is then decided by DLR's credit department based on the property valuation, the applicant's financial history and statements from the applicant's bank. DLR's valuation experts are independent of the credit-granting process. Hence, there is a clear separation between the functions of property valuation, credit assessment and loan granting, and loan administration and follow-up.

### 5.3 Overall risk management at DLR

Risk management is a key element of DLR's day-to-day operations. DLR's Board of Directors lays down DLR's overall risk profile and prepares policies and guidelines for the measurement, monitoring and reporting of risk. Pursuant to the CRR (Pillar III) disclosure requirements (CRR Articles 431-455), DLR at least once a year prepares a risk and capital management report, which is published on DLR's website, [www.dlr.dk/Investor](http://www.dlr.dk/Investor).

As a mortgage-credit institution, DLR is exposed to various types of risk, such as credit risk, market risk, liquidity risk and operational risk etc.

DLR has elected to operate with capital resources that exceed the regulatory minimum requirement. DLR's capital resources combined with its annual profit, which constitute a front-line buffer against loss, should therefore be able to absorb losses on a substantial scale.

Like other mortgage credit institutions, DLR is subject to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the Danish Financial Business Act, the Executive Order on the Issue of Bonds, the Balance Principle and Risk Management ("The Executive Order on Bonds") and other executive orders issued pursuant to the above legislation.

DLR applies the specific balance principle as defined in the Bond Executive Order to its lending activities. Applying the principle means there is a full funding match between the interest and principal payments received by DLR from borrowers and DLR's payments to Bondholders.

In reality, the balance principle means that DLR does not assume any interest rate, exchange rate or liquidity risk – including prepayment risk on the lending business. DLR is mainly exposed to credit risk, i.e. the risk that a borrower is unable to repay a loan.

#### **5.4 Credit risk**

As a mortgage credit institution, DLR only grants loans against a registered mortgage on real property subject to statutory limits on loan-to-value (LTV), etc. This activity means that credit risk, arising from the risk of loss due to a borrower defaulting on payment obligations to DLR, constitutes by far the most significant share of DLR's aggregate risk.

To identify credit risk, a detailed assessment is made of the mortgageable property and the borrower's finances. Credit scoring is the responsibility of DLR's loan department in Copenhagen. Credit scoring models are used for certain customer segments. As well as cover in the mortgaged property and a detailed credit assessment, DLR has further reduced its credit risk on individual loans and its risk at portfolio level via various guarantee scheme provided by DLR's loan-distributing banks (DLR's shareholders).

DLR's universal guarantee concept, which covers all key property categories, came into force at the start of 2015. However, loans on properties such as manufacturing and workshop properties, community power plants (excluding wind turbines), plots of land and specialist properties are only granted when additional guarantees are in place. The shared guarantee concept does not apply for lending in Greenland and on the Faroe Islands, where the loan-distributing banks impose more strict requirements.

The guarantee under the shared guarantee concept is structured in such a way that the loan providing bank provides an individual guarantee when disbursing the loan, covering the individual loan throughout the term of the loan. The guarantee generally covers 6% of the residual debt. Additional guarantee is required in connection with special mortgages etc. The guarantee is reduced as the loan is repaid at a proportionate share of the

instalments, to the effect that the ratio of the guarantee to the residual debt remains unchanged throughout the term of the loan. The guarantee covers the top portion of the total mortgage loan in the individual property.

In addition, a loss set-off scheme has been established, under which DLR sets off all losses incurred by DLR in respect of loans provided by the bank in question beyond what is covered by the 6% guarantee provided at loan level. Losses are set off against the relevant bank's total commissions relating to the total lending portfolio, except for agency commission and reimbursement of brokerage, and may be set off against commissions accrued over a number of years in accordance with specific terms and conditions. To the extent that losses eligible for set-off exceed the expected set-off basis, DLR may require that such losses are covered through drawings on direct guarantees provided by the bank in question.

A small amount of loans offered before 1 January 2015 are still subject to the separate loss-mitigating agreements for lending in the commercial and agricultural areas, respectively, as the bulk of the remaining loans under these agreements were transferred to the uniform guarantee concept at 1 October 2021.

At year-end 2022, 98.8% of DLR's loan portfolio was covered by guarantee concepts.

#### **5.5 DLR compliance with the balance principle**

ROs issued out of the General Capital Centre and SDOs issued out of Capital Centre B each comply with the provisions of the specific balance principle set out in part 3 of the Executive Order on Bonds. DLR may subsequently decide that ROs issued out of the General Capital Centre and/or SDOs issued out of Capital Centre B must instead comply with the general balance principle set out in part 2 of the Executive Order on Bonds.

Proceeds from the issuance of Senior Secured Bonds are subject to the same risk management rules as the securities portfolio and are thus comprised by the rules on interest rate and currency risks applying thereto. Accordingly, interest rate and currency risks may not exceed 8% and 10%, respectively, of the own funds of the relevant capital centre, see the Executive Order on Bonds.

It should furthermore be noted that the Executive Order on Bonds regulates the actual issuance of ROs, SDOs and other securities with preferential status issued by a mortgage bank. The actual bond issuance is not stated directly in the main figures of the annual and quarterly reports. The reason is that the liability item "issued bonds" must be reduced, where relevant, by DLR's holdings of self-issued ROs, SDOs and other securities issued by mortgage banks.

Similarly, the placing of funds in secure liquid securities in pursuance of the Executive Order on Bonds will not appear directly from the assets. The reason is that any holdings of self-issued ROs, SDOs and other securities with preferential status issued by mortgage banks must be eliminated in the liability item "issued bonds".

## 6. Other rules

### 6.1 Placement of funds with financial institutions

Bank accounts must be set up with financial institutions with a rating of not less than BBB/A-2 with S&P, but see below.

DLR continuously monitors bank deposits relating to, respectively, DLR's capital centres to ensure that the total amount deposited with any one financial institution does not exceed 5% of the outstanding cover pool in each capital centre. If the total deposit with an individual financial institution exceeds 5%, DLR will take immediate steps to reduce the deposit with that financial institution and place the amount in compliance with these rules.

If the financial institution is assigned a rating below BBB/A-2 with S&P, DLR will, within 30 days, discontinue receipt of payments with the relevant financial institution and transfer its deposits to a financial institution that holds a rating of not less than BBB/A-2 with S&P. In that connection, borrowers affected by the change will receive notification from DLR that future payments to DLR can no longer be made through the financial institution in question, but must be made through another financial institution as advised by DLR.

Notwithstanding the above, funds may be deposited with financial institutions that do not hold a rating of or above BBB/A-2 with S&P where the amount of the deposits does not exceed DKK 40 million in relation to Capital Centre B and DKK 10 million in relation to the General Capital Centre.

The above provision ceases to apply if the ROs and SDOs issued by DLR are no longer rated by S&P under an agreement with DLR Kredit A/S. If S&P changes its rating method or the criteria applied to counterparty risks, DLR may align the above provision with the changes implemented by S&P.

### 6.2 Exemption of asset-backed securities from the cover pool

Pursuant to ECB rules, Asset-Backed Securities (ABSs) are not allowed in the cover pool for ROs, SDOs and SDROs, with the exception of those ABSs which:

- comply with the CRR requirements regarding ABSs in the cover pool;
- originate from a member of the same group as the issuer of SDOs, SDROs and ROs or an entity affiliated with the same organisation, institution or authority as the issuer of the bonds; and
- are used as a technical tool to transfer mortgages on real property or loans guaranteed by mortgages on real property from the entity to which they belong, as collateral for the relevant bonds.

Pursuant to the legal basis for the monetary policy of the Euro system, SDOs, SDROs and ROs are not considered ABSs.

DLR will at any time ensure that non-ECB compliant Asset-Backed Securities are not used as collateral for ROs and SDOs.

### **6.3 Joint funding**

The issuance of SDOs may, subject to approval from the FSA, be used for joint funding of lending against mortgages on real property originally granted by other financial institutions.

The original credit provider must hand over loans and mortgages to the ownership of the mortgage bank. The rules for joint funding are stated in sections 16b to 16g of the Danish Financial Business Act.

At present, DLR has not applied for such an approval from the FSA, but reserves the right to initiate a process in preparation for attaining a joint funding approval in accordance with the legislation on this subject.

## 7. Registration document

For numbering, see Annex 6 to Commission Delegated Regulation (EU) 2019/980

### 1. **Persons responsible**

1.1 This Base Prospectus has been prepared by:

DLR Kredit A/S  
Nyropsgade 21  
1780 Copenhagen V, Denmark

1.2 Declaration concerning the Base Prospectus

Reference is made to the management statement in 2 "Responsibility statement" of this Base Prospectus.

The information contained in this Base Prospectus must be read in conjunction with the Final Terms for the specific issue and the published documents referred to in this Base Prospectus, as listed in "Annex 2".

This Base Prospectus was prepared as at 23 August 2023 to replace "Base Prospectus for the issuance of covered bonds, mortgage bonds, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (Senior Secured Bonds) and senior unsecured debt" issued by DLR Kredit A/S" dated 24 August 2022.

1.3. Third party information and statement by experts and declarations of interest

This Base Prospectus contains no statement or report by external experts. The Base Prospectus contains no third party information.

1.5 Approval from the competent authorities

DLR declares that:

- a) the prospectus has been approved by the Danish Financial Supervisory Authority (the "Danish FSA") in its capacity as competent authority in compliance with Regulation (EU) 2017/1129;
- b) the Danish FSA only approves that this prospectus meets the standards of completeness, comprehensibility and consistency in compliance with Regulation (EU) 2017/ the Danish FSA only approves that this

prospectus meets the standards of completeness, comprehensibility and consistency in compliance with Regulation (EU) 2017/1129; and

c) the approval cannot be considered to be an approval of the issuer (DLR) comprised by this prospectus.

## **2. Statutory auditors**

2.1 DLR's auditors for the financial year 2021 were:

Lars Rhod Søndergaard, State Authorised Public Accountant (MNE no. 28632), and

Thomas Hjortkær Petersen, State Authorised Public Accountant (MNE no. 33748)

Both are members of FSR – Danish Auditors and represent

EY

Dirch Passers Allé 36

2000 Frederiksberg, Denmark

2.2 DLR's auditors for the financial year 2022 were:

Lars Rhod Søndergaard, State Authorised Public Accountant (MNE no. 28632), and

Thomas Hjortkær Petersen, State Authorised Public Accountant (MNE no. 33748)

Both are members of FSR – Danish Auditors and represent

EY

Dirch Passers Allé 36

2000 Frederiksberg, Denmark

DLR's internal audit department refers directly to DLR's Board of Directors through Chief Internal Auditor Brian Hansen.

## **3. Risk factors**

For information about risk factors that may affect DLR's ability to fulfil its obligations in connection with the issuance of bonds comprised by this Base Prospectus and the management of mortgage loans, see 3 "RISK FACTORS", page 7, of this Base Prospectus.

## **4. Information about the issuer**

4.1 DLR's history and development

4.1.1 The Issuer's full name is DLR Kredit A/S. The Issuer's only secondary name is: Dansk Landbrugs Realkreditfond A/S (DLR Kredit A/S).

4.1.2 The Issuer's registered office is situated in the City of Copenhagen. DLR's company registration (CVR) number is: 25 78 13 09. LEI code: 529900PR2ELW8QI1B775.

4.1.3 The Issuer established a mortgage credit business on 12 October 1960 under the name of Dansk Landbrugs Realkreditfond. Until 1 July 2000, the Issuer's business was established on its own statutory basis, which limited its lending to agricultural, forestry and market garden property, etc. As at 1 July 2000, the Issuer's statutory basis was changed to the legal framework of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and, at the same time, the Issuer acquired a status equal to that of the other Danish mortgage banks. From then on, the Issuer's lending was no longer limited to agricultural, forestry and market garden property, etc.

Effective 1 January 2001, the Issuer was converted into a limited liability company under its present name. This limited liability company was incorporated on 1 December 2000.

4.1.4 The Issuer's object, as stated in article 2 of its Articles of Association, is to carry on business as a mortgage bank pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and any other applicable legislation governing mortgage banks in force at any given time. The Issuer is governed by Danish law and is registered as a limited liability company in Denmark. The address and telephone number of the Issuer's registered office are:

DLR Kredit A/S  
Nyropsgade 21  
1780 Copenhagen V, Denmark  
Website: [www.dlr.dk](http://www.dlr.dk)  
Email: [dlr@dlr.dk](mailto:dlr@dlr.dk)  
Tel: +45 70 10 00 90

DLR's latest interim and annual reports as well as its company announcements are available from DLR's website at [www.dlr.dk/investor](http://www.dlr.dk/investor). The information on the website does not form part of the prospectus, unless the information is incorporated in the prospectus by reference.

DLR is licensed by the Danish FSA to operate its business, and the Danish FSA supervises DLR on an ongoing basis. DLR is also licensed by the Danish FSA to issue ROs and SDOs and bonds under section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

4.1.5 No event with significant impact on DLR's solvency has been reported since the publication of the latest interim report.

4.1.6 At the date of this Base Prospectus, DLR has been assigned a Long-Term Credit Rating (ICR) from S&P of 'A-' with a stable outlook and a Short-Term Credit Rating from Standard & Poor's of 'A-2' with a stable outlook.

Covered Bonds in the form of ROs issued out of the General Capital Centre and SDOs issued out of Capital Centre B are, at the date of this Base Prospectus, rated 'AAA' with a stable outlook by S&P.

If DLR opts to have Senior Secured Bonds issued under this Base Prospectus rated, the rating will appear from the Final Terms for the specific issue.

The rating of DLR and of DLR bonds contributes to creating transparency and certainty about the stability and the limited risks characterising DLR's business model.

4.1.7 There have been no material changes to DLR's borrowing requirement and funding structure since the most recent interim report.

4.1.8 DLR expects to fund its lending activities through the issue of Bonds.

4.2 Investments

4.2.1 DLR has made no significant investments since the date of publication of DLR's latest interim report.

4.2.2 As at the date of this Base Prospectus, DLR has made no commitment to make any significant future investments.

4.2.3 Not applicable: As at the date of this Base Prospectus, DLR has made no commitment to make any significant future investments.

## **5. Business overview**

5.1 Principal activities

5.1.1 DLR carries on mortgage credit business, including any kind of activities permitted pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and other applicable legislation on mortgage banks in force at any given time. Please refer to section 3 "RISK FACTORS".

DLR primarily offers mortgage financing of agricultural, forestry and market garden property, private residential rental property, co-operative property, office and business property, properties for social, cultural and educational purposes, and manufacturing and manual industry property. The distribution of the loan portfolio on the property categories is provided in the latest annual report, see "ANNEX 3" of this Base Prospectus.

5.1.2 DLR intends to develop new mortgage finance products and pursue new business opportunities within the mortgage finance business and to the extent it is deemed commercially viable. At the date of this Base Prospectus, DLR has no plans for introducing significant new mortgage credit products or pursuing new business opportunities.

5.2 Principal markets

DLR is a mortgage bank operating in Denmark. In addition, DLR operates a mortgage lending business in Greenland and the Faeroe Islands of very limited significance.

5.3 In this Base Prospectus, DLR expresses no opinion concerning the competitive situation in the market.

## **6. Organisational structure**

6.1 DLR's shares are primarily owned by domestic financial institutions. DLR is not part of a group. DLR's shares are not admitted to trading on a regulated market and any share transaction, that is, transfer of ownership and/or voting rights, is subject to approval by the DLR Board of Directors. DLR distributes its products (loans) through its shareholding banks.

6.2 DLR is independent of group interests.

## **7. Trend information**

7.1 The outlook for DLR has not been negatively affected since the publication of the latest interim report.

7.2 DLR has no information on any known trends, uncertainties, claims, obligations or events which may reasonably be expected to have a significant impact on DLR's outlook in the current financial year.

## **8. Profit forecasts or estimates**

Earnings forecasts or estimates for DLR are basically immaterial to the price development of the issued bonds, and for this reason forecasts and estimates are omitted from this Base Prospectus.

## **9. Board of directors, executive board and supervisory bodies**

9.1 DLR's business address (the business address of the Board of Directors and the Executive Board) in relation to this Base Prospectus is:

DLR Kredit A/S  
Nyropsgade 21  
1780 Copenhagen V, Denmark

DLR is subject to supervision by:

Danish Financial Supervisory Authority (the "Danish FSA")  
Strandgade 29  
1401 Copenhagen K, Denmark

### **DLR Board of Directors (with indication of other directorships, where relevant)**

Elected at the Annual General Meeting on 27 April 2023:

#### **Vagn Hansen (Chairman)**

Managing director and CEO – Sparekassen Danmark  
Chairman of the board of directors, Egnsinvest Holding A/S and two subsidiaries

Vice-chairman of the board of directors of The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Lokale Pengeinstitutter)

Member of the board of directors of Sparekassen Danmark Fonden Vendsyssel

Member of the board of directors of Sparinvest Holding SE

Member of the board of directors of Finance Denmark

Member of the board of directors of FR I af 16. september 2015 A/S

Member of the board of directors of PRAS A/S

Member of the board of directors of Kunstbygningen i Vrå

#### **Bjarne Larsen (Vice Chairman)**

Managing Director, Sydbank A/S

Member of the board of directors of Ejendomsselskabet af 1. juni 1986 A/S

Vice chairman of the board of directors of Syd Administration A/S

Director, Opendo A/S

Managing Director and member of the board of directors of Syd AAB A/S

#### **Claus Andersen**

Managing Director, Ringkjøbing Landbobank A/S

Chairman of the board of directors, Sæbygaard Skov A/S

Member of the board of directors of The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Lokale Pengeinstitutter)

Member of the board of directors of Education Fund under The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Lokale Pengeinstitutter)

Member of the board of directors of BOKIS A/S

#### **Frank Mortensen**

Deputy CEO, A/S Arbejdernes Landsbank

Member of the board of directors of Nærpension forsikringsformidling A/S

Member of the board of directors of AL Finans A/S

#### **Lars Petersson**

Managing Director & CEO, Sparekassen Sjælland-Fyn A/S

Chairman of the board of directors, Holbæk Kommunes Talentråd

Chairman of the board of directors, Museum Vestsjælland

Member of the board of directors of Impagt Invest Sjælland A/S

Member of the board of directors of Holbæk Alliancen

Director, Ejendomsselskabet Sjælland-Fyn A/S

Director, Investeringselskabet Sjælland-Fyn A/S

Member of the board of directors of BI Holding A/S

#### **Carsten Levring Jakobsen**

Managing Director, Spar Nord Bank A/S

Member of the board of directors of Aktieselskabet Skelagervej 15

#### **Ole Beith**

Managing Director, Sparekassen Thy

Member of the Board of Directors of Finanssektorens Uddannelsescenter  
Member of the board of directors of Finance Denmark  
Member of the board of directors of The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Lokale Pengeinstitutter)  
Member of the board of directors of Stenbjerg Fonden  
Member of the board of directors of Lokale Puljeinvest  
Managing Director and member of the board of directors of Krone Kapital A/S  
Member of the board of directors of Stonehenge Fondsmæglerselskab A/S  
Co-owner of Gesten Møllelaug I/S

#### **Staff-elected board members**

##### **Randi Holm Franke**

Head of Business Development and Communication, DLR Kredit A/S

##### **Jakob G. Hald**

Chief Agricultural Account Manager, DLR Kredit A/S

##### **Lars Faber**

IT Operations Manager, DLR Kredit A/S

#### **DLR Executive Board (with indication of other directorships, where relevant):**

##### **Jens Kr. A. Møller, Managing Director & CEO**

Member of the board of directors of Finance Denmark (Finans Danmark) and the Association of Danish Mortgage Banks (Realkreditrådet)  
Member of the board of directors of e-nettet A/S  
Member of SEGES's Sector Board for Business Finance & Management  
Member of the board of directors of FRI af 16. september 2015 A/S

##### **Pernille Lohmann, Managing Director**

Member of the board of directors of The Association of Danish Mortgage Banks (Realkreditrådet)

#### 9.2 *Board of Directors and Executive Board – conflicts of interests*

There are no potential conflicting interests between the DLR Board of Directors and Executive Board, between the obligations of the members of the DLR Board of Directors and Executive Board vis-à-vis DLR, and their private interests and/or other obligations.

#### **10. Major Shareholders**

10.1 No DLR shareholder holds a controlling interest.

At the date of preparation of the Base Prospectus, the following shareholders have an ownership interest of more than 5%:

- Sparekassen Danmark
- Nykredit Realkredit
- Sydbank A/S
- PRAS A/S
- Vestjysk Bank

A description of DLR's ownership is provided under item 6.1 of this section 7 "Registration document".

10.2 DLR has no knowledge of any agreement which may result in others gaining control of the Issuer.

## **11. Information concerning the issuer's assets and liabilities, financial position and profits and losses**

### 11.1 Historical financial information

A summary of accounting policies, income statement, balance sheet, notes and solvency and cash flow statements are provided in the relevant sections of DLR's annual reports for the last two years, see "Annex 3" of this Base Prospectus. The annual reports also provide information on previous accounting periods.

The latest annual report was prepared in accordance with the provisions of the Danish FSA on financial reports of mortgage banks and the requirements of Nasdaq Copenhagen A/S as regards the financial statements of issuers of listed bonds. The Issuer has no intention of changing its financial reporting principles or accounting policies within the current financial year.

#### 11.1.5 Financial statements

DLR does not prepare consolidated financial statements.

### 11.2 Auditing of historical annual financial information

11.2.1 The summary of accounting policies, the income statement, balance sheet, notes and solvency and cash flow statements as presented in the two latest annual reports have been audited by DLR's external auditors. DLR's annual report has been prepared in accordance with the Danish Financial Business Act, including the executive order on financial reports of credit institutions and investment firms, etc. (the Danish Executive Order on the Presentation of Financial Statements), and the requirements of Nasdaq as regards the financial reporting of issuers of listed bonds.

11.2.2 No other information in this Base Prospectus besides the information derived from the financial statements has been audited by DLR's external auditors.

11.2.3 All the financial information concerning the financial year 2021 and previous financial years may be found in DLR's audited annual reports.

11.4 Age of latest financial information

11.4.1 The latest audited financial information relates to financial year 2021.

11.5 Interim and other financial information

11.5.1 In the period since the release of the latest audited financial statements, DLR has prepared interim report Q1 2022, see "Annex 3" of this Base Prospectus. The interim report may be found on DLR's website, [www.dlr.dk/investor](http://www.dlr.dk/investor). The interim report is unaudited.

11.6 Legal and arbitration proceedings

No government, legal or arbitration proceedings have been brought against DLR. At the time of preparation of this Base Prospectus, DLR has no knowledge of any proceedings that may be brought against it.

11.7 Significant change in the Issuer's financial or trading position

No significant changes have occurred with respect to DLR's financial or trading position since the period covered by the historical financial information.

## **12. Additional information**

12.1 Share capital

12.1.1 DLR's share capital consists of 569,964,023 shares of DKK 1 each. The share capital is not divided into classes. At the date of preparation of the Base Prospectus, DLR holds 46,122,083 shares itself, representing 8.09% of the share capital. The remaining share capital consisting of 523,841,940 shares has been fully paid up.

12.2 Memorandum of Association and Articles of Association

12.2.1 DLR is registered with the Danish Business Authority under company registration (CVR) number 25 78 13 09. Pursuant to article 2 of the Articles of Association, the object of DLR is to carry on business as a mortgage bank and other business deemed to be related to this object. DLR's Memorandum of Association (Stiftelsesdokument for KR 276 A/S) contains no information on DLR's registration, registration number or statutory objects.

**13. Material contracts**

DLR has not concluded any material contracts outside DLR's normal business activities that might cause DLR to assume obligations or acquire rights that affect DLR's ability to comply with its obligations vis-à-vis bondholders in relation to the Bonds.

**14. Documents on display**

DLR declares that the following documents are available for inspection in hard copy through contact with DLR or in electronic form at [www.dlr.dk/investor](http://www.dlr.dk/investor) for as long as this Base Prospectus remains valid:

- DLR's Articles of Association ( [www.dlr.dk/om-os](http://www.dlr.dk/om-os) )
- Memorandum of Association for KR 276 A/S (not electronically)
- Financial statements which DLR has incorporated by reference in the Base Prospectus, see "Annex2"
- Company announcements
- Copy of press releases from rating agencies

## 8. Securities note

For numbering, see Annex 14 to Commission Delegated Regulation (EU) 2019/980

### 1. **Persons responsible**

1.1 Please refer to item 1.1 in section 7 "Registration document".

1.2 Please refer to the declaration in section 2 "Responsibility statement".

1.3. Third party information and statement by experts and declarations of interest

This Base Prospectus contains no statement or report by external experts. The Base Prospectus contains no third party information.

1.5 Approval from the competent authorities

DLR declares that:

- a) the prospectus has been approved by the Danish Financial Supervisory Authority (the "Danish FSA") in its capacity as competent authority in compliance with Regulation (EU) 2017/1129;
- b) the Danish FSA only approves that this prospectus meets the standards of completeness, comprehensibility and consistency in compliance with Regulation (EU) 2017/1129;
- c) the approval cannot be considered to be an approval of the issuer (DLR) comprised by this prospectus; and
- d) the investors must make their own assessment of whether these securities are a suitable investment for them.

### 2. **Risk factors**

2.1 Please refer to the information provided on risk factors in section 2 "Risk factors".

### 3. **Essential information**

3.1 Interest of natural and legal persons involved in the issue/offer

DLR has no knowledge of any interests and/or conflicts of interests of natural and legal persons that are material to the offer of bonds under this Base Prospectus. A description of any conflicting interests material to DLR in connection with a bond issue, stating the persons involved and the nature of such interest, will be included in the Final Terms for the specific issue.

3.2 Reasons for the offer and use of proceeds

Covered Bonds (RO and SDO)

Funds from the issuance of Covered Bonds under this Base Prospectus are applied to fund lending secured by mortgages on real property etc. provided by DLR.

Funds from the issuance and sale of Green Bonds under this Base Prospectus are applied to fund lending granted by DLR secured by mortgages on real property or other approved assets also meeting the criteria in DLR's Green Bond Framework.

Pursuant to the Executive Order on the Issuance of Bonds, the Balance Principle and Risk Management (Executive Order No. 1425 of 16 December 2014, section 21), the issuance of ROs, SDOs and other securities may be effected as a pre-issuance of fixed-price agreements concluded or as "block bond emission" on the basis of an estimated lending volume.

Under Danish mortgage credit legislation, excess funds from the issuance of Covered Bonds may be placed in secure and liquid securities or in accounts with credit institutions in Zone A, subject to a notice of up to 12 months. Excess funds must be kept separate from other funds.

Except during a transitional period, excess funds from a "block bond emission" may not exceed the budgeted gross lending for the next following 90 days of each individual series with a series reserve fund. This does not apply to "block bond emissions" made based on planned purchases in the market for the purpose of refinancing existing funding. Such "block bond emissions" may not have a maturity of more than 90 days, after which time any excess bonds must be cancelled.

#### Senior Secured Bonds

Pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, DLR may raise loans, including through the issuance of bonds (Senior Secured Bonds), with a view to satisfying the requirement for the provision of supplementary collateral for the SDOs issued.

Bonds may be issued under the Base Prospectus before the requirement for providing supplementary collateral arises in order to build up a reserve.

Funds from the issuance of Senior Secured Bonds under this Base Prospectus will be applied to procure supplementary collateral in order to meet the requirement that the value of the assets provided as security for the SDOs issued by DLR must at any time correspond at least to the value of the SDOs issued by DLR.

The funds may also be applied to increase the excess cover in a capital centre.

Funds from Senior Secured Bonds will be placed in investment grade assets. See section 152c(1) of the Danish Financial Business Act.

**4. Information concerning the securities to be admitted to trading**

4.1 Under this Base Prospectus, DLR will issue ROs, SDOs and bonds pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (Senior Secured Bonds). Bonds may be issued under this Base Prospectus for 12 months after approval by the Danish FSA, unless the public is otherwise informed.

The Bonds are subject to Danish law and legal venue.

The Bonds will be issued in one or more ISINs. The ISIN will be specified in the Final Terms.

4.2 The issuance of Bonds is regulated by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. For a detailed description of the statutory framework, please refer to section 4 "Legal framework governing DLR's business".

Covered Bonds are negotiable instruments of debt or securities issued in bulk in the ordinary course of a mortgage credit business pursuant to the same act, and which are listed on a regulated market.

ROs issued out of the General Capital Centre and SDOs issued out of Capital Centre B each comply with the provisions of the specific balance principle in accordance with part 3 of the Executive Order on the Issuance of Bonds, the Balance Principle and Risk Management (Executive Order No 1425 of 16 December 2014).

4.3 The bonds will be issued under this Base Prospectus as bearer securities and will be registered electronically with a securities depository. No physical instruments of debt will be issued, and the Bonds will not be registered in the name of the holder.

At the time of this Base Prospectus, the Bonds are registered with:

VP Securities A/S  
Nicolai Eigtveds Gade 8

DK-1402 Copenhagen K, Denmark

Should the Issuer elect to register Bonds issued under this Base Prospectus with another securities depository than VP Securities A/S, this will be specified in the Final Terms.

4.4 DLR will, on an ongoing basis, issue the Bonds required to fund DLR's lending activities.

4.5 The currency applied for the issuance of the Bonds will be stated in the Final Terms.

4.6 Holders of Covered Bonds enjoy a statutory preferential claim on all the assets in the DLR capital centre out of which the Bonds have been issued.

Holders of Senior Secured Bonds have a secondary preferential right to all assets of the DLR capital centre in which the Bonds have been issued.

A detailed description of the preferential position under Danish bankruptcy law etc. is provided in section 4 "Legal framework governing DLR's business".

4.7 The Bonds carry interest as described in item 4.8 of this section 8 "Securities note".

Bonds issued under this Base Prospectus are irredeemable on the part of the Bondholders.

Bonds will be issued out of one of DLR's capital centres in series with joint liability with a joint series reserve fund. Claims in relation to the Bonds may solely be made against the individual series and other series with joint liability with a joint series reserve fund in the relevant capital centre. The capital centre out of which the Bonds are issued will be specified in the Final Terms. For an overview of Bonds issued out of the relevant capital centre at the date of an issuance of Bonds under this Base Prospectus, please refer to the Final Terms.

DLR makes decisions on opening other Bond series.

The size of the reserve fund for a capital centre must always comply with the requirements of the mortgage credit legislation currently in force. To the extent that the series meets the statutory capital adequacy requirements, any excess funds may be transferred from Capital Centre B to DLR's assets (the General Capital Centre).

Borrowers are not jointly and severally liable to DLR and are not entitled to payment of a share of DLR's assets upon redemption of their loans. Borrowers in the individual capital centres, including the General Capital Centre, are liable for loans granted both to the extent of the mortgaged property and personally.

Covered Bonds are cancelled in accordance with the general provisions of Danish legislation. Claims for payment in respect of the Covered Bonds are subject to the general period of limitation under Danish law. Repayments and interest payments due do not carry interest from the due date and will accrue to the Issuer unless not claimed within the period of limitation.

DLR will defer payments to the holders of Senior Secured Bonds if:

- 1) such payments would entail a breach of the balance principle that applies to Covered Bonds and certain counterparties to the derivative financial instruments in the capital centre;
- 2) DLR has initiated a reconstruction pursuant to the Danish Bankruptcy Act; or
- 3) an order of liquidation is pronounced over DLR.

DLR will be liable for any tardy or defective performance of its contractual obligations to the Bondholders resulting from error or negligence.

Even in areas of increased liability, DLR will not be liable for losses incurred by Bondholders arising from:

- breakdown of or lack of access to IT systems or damage to data in these systems due to any of the factors listed below and regardless of whether or not DLR itself or a third-party supplier is responsible for the operation of these systems;
- power failure or a breakdown of DLR's telecommunications, legislative or administrative intervention, natural disasters, war, revolution, civil unrest, sabotage, terrorism or vandalism (including computer virus attacks or hacking);
- strikes, lockouts, boycotts or picketing, regardless of whether such conflict targets or is started by DLR or its organisation, and regardless of its cause; or This also applies if the conflict affects only parts of the organisation; or
- other circumstances beyond DLR's control.

DLR will not be exempt from liability in cases where:

- DLR ought to have foreseen the cause of a loss when the agreement was concluded or ought to have avoided or overcome the cause of the loss; or
- Danish law at any rate makes DLR liable for the cause of a loss.

Bondholders may exercise their rights by contacting DLR.

## 4.8 Interest

If the Reference Rate, as set out in the relevant Final Terms, is no longer published, or if the terms of the relevant Reference Rate change significantly, or if DLR assesses that the agreed Reference Rate no longer reflects the relevant market for the Reference Rate in question, DLR may (in good faith and in a commercially reasonable way), if necessary, replace the Reference Rate by a replacement reference rate.

### 4.8.1 *Coupon rate*

The Bonds may be issued with either a fixed or floating coupon rate. The Final Terms will state whether the Bonds are issued with a fixed or floating coupon rate.

The annual coupon rate of fixed-rate Bonds will appear from the Final Terms.

The annual coupon rate of floating-rate Bonds is the reference rate plus, if applicable, a spread, as determined in accordance with item 4.8.6 of this section 8 "SECURITIES NOTE", and will be set out in the Final Terms.

#### 4.8.2 *Provisions governing interest payments*

Bonds of the same ISIN may have 12, 4, 2, 1 or another number of annual payment dates. Interest is paid on a proportionate basis on each interest payment date according to a defined convention (day count convention). Bonds of the same ISIN pay interest on each interest payment date according to one of the following day count conventions:

- Actual/actual (fixed fraction): Interest is paid on a proportionate basis on each interest payment date according to the number of annual payment dates, i.e. the coupon payment on each interest payment date corresponds to the interest divided by the number of payment dates per year; or
- Actual/360: Interest is paid on each interest payment date according to the actual number of days in the payment period over 360 days, i.e. the coupon payment on each interest payment date corresponds to the interest multiplied by the actual number of days in the payment period divided by 360.

The number of annual payment dates and the day count convention applied will appear from the Final Terms. Addition and accrual of interest may be adjusted as a result of changes in market conventions.

The Issuer will pay interest and redemption amounts to bondholders by transferring the amounts on the due date to accounts with financial institutions, agents, securities dealers, etc. designated to VP Securities A/S. Bondholders are not entitled to interest or other amounts arising from deferred payment or in pursuance of the validation rules applied by the financial institution in which the account is held.

#### 4.8.3 *First date of interest accrual*

The date on which interest begins to accrue on the bonds is set out in the Final Terms.

#### 4.8.4 *Payment dates*

Interest falls due on the first calendar day of a given month following the end of a payment period. On the opening of new ISINs, the Issuer may set due dates other than the first calendar day of a given month. If the interest payment date is a non-banking day, the payment is deferred to the next banking day.

The interest payment date of the Bonds will be specified in the Final Terms.

#### 4.8.5 *Period of limitation of claims for interest and principal*

Claims for payment of interest become barred by limitation after three years, and claims for payment of principal become barred by limitation after ten years, see the Danish act on the period of limitation for claims (the Danish Limitation Act). Interest does not accrue on interest due for payment after the payment date and will accrue to the Issuer if the amount has not been claimed prior to the expiry of the limitation period.

#### 4.8.6 *Floating interest rate*

If the Bonds carry a floating interest rate, it will be composed of the following elements:

- 1) a reference rate of interest plus, where applicable,
- 2) a pre-fixed interest rate spread

##### *Interest rate fixing frequency*

The floating interest rate is fixed at regular intervals (interest rate fixing frequency). The Issuer will set out the interest rate fixing frequency in the Final Terms.

##### *Cita particulars*

The method for determining the Cita reference interest rate was changed in 2022, and from 1 February 2023 the Cita rate will be determined as the daily fixed DESTR OIS rate plus a premium of 0.19% (19bp). DESTR (Denmark Short-Term Rate) is an overnight reference rate based on transactions made in the unsecured deposit market in Denmark. Danmarks Nationalbank publishes DEST at 10:00 on each Danish banking day.

From 1 January 2026, the Cita rate will be determined as the DESTR OIS rate without any interest premium and will hence be 0.19 of a percentage point (19bp) lower. For bonds with interest rate fixing based on the Cita reference rate, the interest will thus also be 0.19 of a percentage point (19bp) lower.

##### *Interest rate fixing period and method*

The reference rate is fixed for a period (interest rate fixing period) in accordance with a defined method (fixing method) based on a recognised quoted or calculated interest rate index.

An interest rate fixing period begins on the first calendar day of a given month, and the reference rate fixed will apply for a period corresponding to the interest rate fixing frequency. At the opening of an ISIN, the Issuer may decide to let the interest rate fixing periods begin on a day other than the first calendar day of a given month. The interest rate fixing period will be specified in the Final Terms.

The interest rate of Bonds of the same ISIN will be fixed in accordance with one of the following fixing methods to be determined by the Issuer in connection with the specific issue, and will be set out in the Final Terms:

- $x^{\text{th}}$  last banking day:
- The reference rate is calculated in the following way (interest rate fixing method): The reference rate quoted on the  $x^{\text{th}}$  last banking day before the beginning of a new interest rate fixing period (interest rate fixing date).
- Average of the  $x$  last banking days before the  $x^{\text{th}}$  last banking day:
- The reference rate is calculated in the following way (interest rate fixing method): The average reference interest rate calculated as a simple average over the last  $x$  banking days before the  $x^{\text{th}}$  last banking date prior to the interest reset date (the interest rate fixing date).

The interest rate fixing method will be specified in the Final Terms.

#### *Reference rate*

The reference rate for the interest rate fixing period corresponds to the market consistent money market rate published or quoted on the interest rate fixing date of the relevant interest rate fixing period in the currency in which the bonds are issued. The reference rate of an interest rate fixing period may be negative.

If the relevant market-consistent money market rate is no longer published or quoted, or no longer reflects the relevant money market, the Issuer will determine the reference rate based on the official lending rate determined by the Danish Central Bank or the central bank in the relevant money market.

The relevant reference rate will be specified in the Final Terms. In connection with the opening of a floating-rate ISIN, the Issuer will fix the reference rate for the period up to the first fixing period set out in the Final Terms.

#### *Interest rate spread*

Any interest rate spread will be specified in the Final Terms.

#### *Negative interest rate*

The floating rate for Covered Bonds issued before 1 March 2015 cannot be negative. If the fixing of the interest rate for an interest rate fixing period causes the reference rate plus the interest rate spread, where relevant, to be negative, the floating rate for those Bonds for the interest rate fixing period in question will be set at zero.

For Covered Bonds issued after 1 March 2015, specifications regarding negative interest rate will appear from the Final Terms.

If the coupon fixed in the Final Terms is lower than zero, the Issuer has a claim against the Bondholders, corresponding to the absolute value of the coupon.

The floating rate for Senior Secured Bonds issued under this Base Prospectus cannot be negative. If the fixing of the interest rate for an interest rate fixing period causes the reference rate plus the interest rate spread to be negative, the interest rate for the interest rate fixing period in question will be set at zero.

#### *Information on Bond price development*

Information on the historical and future Bond price development of the published or quoted market consistent money market rate that forms the basis for the reference rate will – if available – be set out in the Final Terms.

### *Calculation of the floating interest rate*

The floating interest rate is calculated by the Issuer.

#### 4.8.7 Maturity extension and fixing of interest rate in case of interest rate increase or insufficient number of buyers – applicable to SDOs and Senior Secured Bonds

##### *i) Interest rate trigger, fixed-rate bonds, maturity 0-12 months*

If the term to maturity of a mortgage-credit loan is longer than the term to maturity of the underlying SDOs, and if the underlying SDOs have a fixed interest rate and a term to maturity of up to and including 12 months at the refinancing of the loan, the Issuer may only initiate a sale of SDOs that are to replace the expiring bonds upon refinancing if the Issuer has a reasonable expectation that the sale can be made without the yield to maturity becoming 5 percentage points higher than the yield to maturity determined in connection with the latest refinancing. However, this does not apply if the Issuer sells a minor quantity of SDOs with a view to determining whether the yield to maturity will be 5 percentage points higher than the yield to maturity determined in connection with the latest refinancing. If a sale cannot be initiated, see the 1st clause, and if the expiring bonds are due for payment, the maturity of those bonds will be extended by 12 months. On expiration of the bonds after the 12-month extension, new SDOs will be issued to replace them. The 1st and 2nd clauses do not apply to that issue.

##### *ii) Interest rate trigger, fixed-rate bonds, maturity 12-24 months*

If the term to maturity of a mortgage-credit loan is longer than the term to maturity of the underlying SDOs, and if the underlying SDOs have a fixed interest rate and a term to maturity from 12 and up to and including 24 months at the refinancing of the loan, the Issuer may only initiate a sale of SDOs that are to replace the expiring bonds upon refinancing if the Issuer has a reasonable expectation that the sale can be made without the yield to maturity becoming 5 percentage points higher than the yield to maturity of an equivalent bond with the same term to maturity 11 up to and including 14 months earlier. However, this does not apply if the Issuer sells a minor quantity of SDOs with a view to determining whether the yield to maturity will be 5 percentage points higher than the yield to maturity of an equivalent bond with the same term to maturity 11 up to and including 14 months earlier. If a sale cannot be initiated, see the 1st clause, and if the expiring bonds are due for payment, the maturity of those bonds will be extended by 12 months. On expiration of the bonds after the 12-month extension, new SDOs will be issued to replace them. The 1st and 2nd clauses do not apply to that issue.

##### *iii) Interest rate trigger, floating-rate bonds, maturity 0-24 months*

If the term to maturity of a mortgage-credit loan is longer than the term to maturity of the underlying SDOs, and the underlying SDOs have a floating interest rate and a remaining maturity of up to and including 24 months when first used to fund mortgage-credit loans, the interest rate at fixing cannot be more than 5 percentage points higher than the most recently fixed interest rate and must remain unchanged for a period of 12 months or until the next refinancing if made within 12 months, unless a lower interest rate is fixed within the 12 month-period or before the next refinancing. The Issuer may only initiate a sale of SDOs that are to replace the expiring bonds upon refinancing if the Issuer has a reasonable expectation that the sale can be made without the interest rate becoming 5 percentage points

higher than the most recently fixed interest rate. However, this does not apply if the Issuer sells a minor quantity of SDOs with a view to determining whether the interest rate will be 5 percentage points higher than the interest rate determined in connection with the latest refinancing. If a sale cannot be initiated, see the 1st clause, and if the expiring bonds are due for payment, the maturity of those bonds will be extended by 12 months. On maturity of the bonds after the 12-month extension, new SDOs will be issued to replace them. The 1st-3rd clauses do not apply to that issue.

*iv) Refinancing failure trigger*

If the term to maturity of a mortgage-credit loan is longer than the term to maturity of the underlying SDOs, the maturity of the bonds to be replaced by new bonds on expiration will, if there is an insufficient number of buyers for all the new bonds required, be extended by 12 months at a time until refinancing can be completed with buyers for all the new bonds required. On expiration of those bonds after expiry of the 12-month extension, new SDOs will be issued to replace them. At this issue, (i), (ii) and (iii), 2nd clause, do not apply.

Notwithstanding (ii), (iii) and (iv), in case of a failed refinancing of loans where the maturity of the underlying bonds exceeds 12 months at refinancing, refinancing of the loan by SDOs with a shorter maturity may be attempted before extending the maturity.

*v) Interest rate fixing, extended fixed-rate bonds, maturity 0-12 months*

The interest rate on fixed-rate SDOs with a term to maturity of up to and including 12 months at refinancing of the loan which are extended pursuant to (i) or (iv) will be set at the yield to maturity of the bonds fixed at the last refinancing, with the addition of 5 percentage points. The interest rate will be fixed initially at the time of extending the maturity of the bonds. For additional maturity extensions pursuant to (iv), the interest rate fixed pursuant to the 1st clause will continue to apply.

*vi) Interest rate fixing, extended fixed-rate bonds, maturity exceeding 12 months*

The interest rate on SDOs with a term to maturity from 12 and up to and including 24 months at refinancing of the loan which are extended pursuant to (ii) or (iv) will be set at the yield to maturity of an equivalent bond with the same remaining term to maturity 11-14 months earlier, with the addition of 5 percentage points. The interest rate on fixed-rate bonds with a term to maturity exceeding 24 months at refinancing of the loan which are extended pursuant to (iv) will be set at the yield to maturity of an SDO with a remaining term to maturity of 11-14 months fixed 11-14 months earlier, with the addition of 5 percentage points. The interest rate will be fixed initially at the time of extending the maturity of the bonds. For additional maturity extensions pursuant to (iv), the interest rate fixed pursuant to the 1st or 2nd clause will continue to apply.

*vii) Interest rate fixing, extended floating-rate bonds*

The interest rate on floating-rate SDOs which are extended pursuant to (iii) or (iv) will be set at the most recently fixed interest rate with the addition of 5 percentage points. The interest rate fixed according to the 1st clause will remain unchanged for the entire 12-month extension period. The interest rate will be fixed initially at the time of extending the maturity of the bonds. For additional maturity extensions pursuant to (iv), the interest rate fixed pursuant to the 1st clause will continue to apply.

### *Extension of Senior Secured Bonds*

If SDOs are extended or changed as a result of a refinancing failure due to a shortage of buyers of all new bonds required in connection with a refinancing, the maturity of loans raised as supplementary collateral pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act which ordinarily mature during the extension period and which are linked to the extended bonds will be extended or changed according to the maturity of the extended bonds concerned.

- 4.9 Covered Bonds are issued in series, either as callable or non-callable bonds. The repayment profile will be specified in the Final Terms.

If a Covered Bond series is callable under the Final Terms, the amounts that DLR has received from borrowers' prepayments will be part of the amortisation, unless DLR has used the options specified below for purchase and redemption of Bonds without concurrent drawing.

The amortisation will take place pursuant to a drawing carried out by DLR and is effected by redemption at the redemption price specified in the Final Terms as per an interest payment date for the concerned Bonds. The drawing determines which units of the issued Bonds will be redeemed. Immediately after the drawing, DLR will announce that the drawing has taken place, and the specific result of the drawing will be announced on the DLR website, [www.dlr.dk/investor](http://www.dlr.dk/investor) ("CK oplysninger").

DLR reserves the right to amortise the Bonds through purchase and cancellation with regard to the part of the amortisation of the Covered Bonds which exceeds the ordinary amortisation as calculated from time to time by DLR.

DLR reserves the right to offer the borrowers in a series that loans can be redeemed without a concurrent drawing or cancellation of Covered Bonds corresponding to those issued in connection with the loan.

If a bond series is non-callable according to the Final Terms, amounts received by DLR from the borrowers in connection with prepayments of loans within that series will not be included in the amortisation.

The reason is that the amortisation is made as if prepaid loans were still amortised by ordinary instalments. Payment dates for interest and drawings of Covered Bonds will be the first banking day after the end of a calendar quarter. Interest payments cover the preceding quarterly payment period and are made on the basis of day count conventions in force at the time, currently actual days over actual days. From 8 February 2001, this convention replaced the previous convention of 90 days over 360 days as part of the adjustment of the trading terms of Danish bonds. When opening new maturities or coupon sections, DLR may change the dates for and/or the number of annual payments.

The terms and conditions in this Base Prospectus may be derogated from in the Final Terms, in which case the provisions of the Final Terms will apply. Reference is made to the templates for Final Terms included as "ANNEX 4" to this Base Prospectus.

- 4.10 The yield to maturity of Bonds depends on the coupon rate (including whether the rate is fixed or floating), the maturity and bid/offer prices when the Bonds are traded.

The yield to maturity is determined by discounting payments on each Bond using a discount rate that renders the value of the discounted payments equal to the actual amount invested. The yield to maturity then equals the discount rate. Payments are discounted to the settlement date.

The determination of the yield to maturity of the Bonds will be specified in the Final Terms.

- 4.11 Representation on behalf of the Bondholders is not possible.

- 4.12 This Base Prospectus is issued in pursuance of the Board of Directors' authorisation to the Executive Board of DLR dated 30 June 2022.

The Board of Directors is authorised to open new series for issuance of Covered Bonds. This responsibility has been delegated to the Executive Board. Any further decisions, authorisations and approvals pursuant to which bonds under this Base Prospectus are specifically prepared and/or issued will appear from the Final Terms.

- 4.13 The issuance period for Bonds under this Base Prospectus will be set out in the Final Terms.

- 4.14 Covered Bonds are negotiable mass instruments of debt or investment securities and will be admitted to trading in a regulated market. Their free transferability is not subject to restrictions.

Senior Secured Bonds are also freely negotiable securities.

- 4.15 Taxation of investors fully liable to pay tax in Denmark will be subject to the following rules in force as at the date of this Base Prospectus:

Any interest income and capital gains from Bonds held by private individuals are taxable, whereas any capital loss is tax-deductible, subject to Act no. 1283 of 25 October 2016 (the "Capital Gains Act"). Any gains or losses on the Bonds are subject to the minimum threshold of DKK 2,000 specified in section 14 of the Danish Gains on Securities and Foreign Currency Act.

Any interest income and capital gains from Bonds held by companies are taxable, and any capital loss is tax-deductible.

Interest due and possession, redemption and transfer of Bonds must be reported to the Danish tax authorities in compliance with applicable regulations.

Pursuant to current legislation, withholding tax at source will not be withheld in Denmark save for, in certain cases, to payments in respect of controlled debt in relation to DLR pursuant to the Danish

Corporation Tax Act. Consequently, this will not have any impact on investors who do not control, or are controlled by, DLR.

Natural or legal persons that are not resident in Denmark for tax purposes are, pursuant to current legislation, not subject to taxation in Denmark on payments to said persons of interest or principal, save for, in certain cases, taxation on payments in respect of controlled debt in relation to DLR, as mentioned above.

No Danish withholding tax will be payable with respect to such payments, and no capital gain in connection with the sale, exchange or cancellation of the Bonds will be subject to taxation in Denmark, save for, in certain cases, taxation on payments in respect of controlled debt in relation to DLR, as mentioned above. This tax treatment applies only to investors who are not subject to full tax liability in Denmark or included in Danish joint taxation scheme and who do not carry on business in Denmark through a permanent establishment.

DLR is not liable for any changes in the tax treatment of the Bonds or in the tax position of the investors – including any withholding tax of any kind or collection of tax at source imposed by public authorities.

All investors, including those who are not tax residents of Denmark, are encouraged to seek separate and individual advice on their tax positions.

#### *Tax on negative interest*

In its Legal Guide 20222, section C.A.11.2.1, the Danish Customs and Tax Administration (SKAT) states that interest income in the form of negative interest is taxable for debtors pursuant to section 4 e of the Danish Central Government Tax Act, and an interest expense in the form of negative interest is tax deductible for creditors pursuant to section 6 e of the Danish Central Government Tax Act.

Both interest income for debtors in the form of negative interest and an interest expense in the form of negative interest for creditors will be included in a person's capital income, cf. section 4(1)(i) of the Danish Personal Tax Act.

Persons applying the Danish Business Taxation Scheme must include interest relating to the company in their personal income. This also applies to negative interest relating to the company.

Interest expenses accrued in the form of negative interest for creditors may be deducted pursuant to section 9 (1) of the Danish Act on Taxation of Pension Returns (PAL) for purposes of calculating the basis of taxation. Likewise, interest income received in the form of negative interest for debtors will be included as return on assets in the basis of taxations pursuant to sections 3, 6 and 7 of the Danish Act on Taxation of Pension Returns (PAL), cf. section 15(1) of the Danish Act on Taxation of Pension Returns (PAL).

## 5. Terms and conditions of the offer

### 5.1 Offer statistics, expected timetable and action required to apply for the offer

#### 5.1.1 New issues of Covered Bonds are made on an ongoing basis while the bond series are open. Issuance may be by daily tap issues, block issues or by auction. At auctions, bids are made to DLR through the auction system used. The volume and distribution of bids received may give rise to pro rata allocation of Bonds.

In connection with current sales (tap issuance) of Covered Bonds, the volume offered for sale is not necessarily announced in advance. Where auctions are used in connection with refinancing of loans, the terms and the volume of Bonds offered for sale will be announced on DLR's website, [www.dlr.dk/investor](http://www.dlr.dk/investor), before the auction, and the result of the auction will subsequently be announced on the same site.

The terms that apply to an issue of Senior Secured Bonds will be set out in the Final Terms.

#### 5.1.2 The final issuance requirement of Covered Bonds is not known until the series is closed.

The outstanding amount of Covered Bonds varies in step with DLR's lending and the ordinary and extraordinary redemptions of mortgage-credit loans. The outstanding amount of Covered Bonds will be stated on DLR's website at [www.dlr.dk/investor](http://www.dlr.dk/investor) on a current basis.

The outstanding amount of Senior Secured Bonds varies in step with DLR's requirement for supplementary collateral and/or excess capital cover. The outstanding amount of bonds will be stated on the website of Nasdaq Copenhagen A/S, [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com).

#### 5.1.3 It applies to Covered Bonds that the bond series are open for new issues during an opening period fixed in advance. DLR may decide to close the offer for parts of the opening period. The opening period for Covered Bonds will be set out in the Final Terms.

The offer period and a detailed description of the subscription process for Senior Secured Bonds will be set out in the Final Terms.

#### 5.1.4 DLR may fix limits for individual investors' numbers of subscriptions for Bonds. The possibility, if any, to limit individual investors' numbers of subscriptions and the method of repayment of excess amounts investors may have paid in connection with their subscription will be stated in the Final Terms.

The minimum investment equals the face value of the Bonds. The face value will be specified in the Final Terms. The maximum investment equals the outstanding amount of the Bond issue.

#### 5.1.5 Delivery and clearing of Bonds issued under this Base Prospectus will take place through VP Securities A/S. Generally, Bonds are traded with two-day settlement, but exemptions may be made from this rule. The specific rules in this respect will be stated in the Final Terms.

5.1.6 Trades in Bonds admitted to trading on a regulated market are published in accordance with the rules issued under the Danish Capital Markets Act and other relevant legislation.

5.1.7 Trades in Bonds admitted to trading on Nasdaq Copenhagen A/S are reported pursuant to Nasdaq Copenhagen A/S' rules on reporting. Prices are shown on the website of NASDAQ Copenhagen A/S: [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com).

There are no subscription rights attached to the Bonds.

5.2 Plan of distribution and allotment

5.2.1 No investors have any pre-emptive rights to buy Bonds issued under this Base Prospectus.

5.2.2 In connection with ordinary issuance, including tap issues, and in connection with block issues, the Bonds will be sold in the bond market. The agreement is signed in connection with the transaction, and the Bonds usually have two-day settlement.

Auction participants will be notified of the price and the allocated amount immediately after the auction. Trading in Bonds may take place before the Bonds have been issued. The Issuer has no influence on the Bond deals of third parties.

For private placements, the Bonds will be sold according to agreement with the individual buyers.

5.3 Pricing

5.3.1 Pricing is based on market terms and bids/offers. Other than the market price of the Bonds and any accrued interest, it is not expected that any costs besides ordinary transaction costs will be imposed on the purchaser. Any expenses and taxes specifically imposed on the purchaser in connection with the issuance of Bonds under this Base Prospectus will be stated in the Final Terms.

5.4 Placing and underwriting

5.4.1 DLR is the issuer of the Bonds and acts as a securities dealer. Bonds issued pursuant to the Final Terms annexed this Base Prospectus, are registered with VP Securities A/S or with another securities depository where the Bonds are registered. The selected place of registration is disclosed in the Final Terms. The securities depository handles the payment of interests and drawings.

DLR coordinates the overall issuance of Senior Secured Bonds and places the Bonds. In connection with an issue, DLR may appoint one or more securities dealers to place the Bonds. The names and addresses of any such securities dealers will be stated in the Final Terms.

5.4.2 In connection with a Bond issue, DLR may enter into an agreement to the effect that one or more entities make binding commitments to underwrite the issue or undertake to place the issue without

obligation or “best possible”. If DLR makes such an agreement, the names and addresses of such entities and the key aspects of the agreement will be stated in the Final Terms.

- 5.4.3 If DLR enters into an agreement to the effect that one or more entities make binding commitments to underwrite a Bond issue, the Final Terms will state when the agreement was entered into.

## **6. Admission to trading and dealing arrangements**

- 6.1 Covered Bonds and Senior Secured Bonds covered by the previous base prospectus that is replaced by this Base Prospectus are, or are expected to be, listed on a regulated market place in Denmark, such as Nasdaq Copenhagen A/S ([www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)).

The first date of listing will appear from the Final Terms.

- 6.2 The regulated market where the Bonds will be listed appears from the Final Terms.

- 6.3 DLR can enter into agreements (“Primary Dealer agreements”) on the pricing of Bonds issued under this Base Prospectus. The agreements may, possibly with a notice, be terminated by the contracting parties at any time. The agreements can relate to all, or only certain of the Bonds. DLR assumes no obligation to maintain any Primary Dealer agreements or enter into new agreements.

## **7. Additional information**

- 7.1 DLR has not used any external advisers in connection with the preparation of this Base Prospectus.

- 7.2 DLR’s auditors have exclusively audited the annual reports to which this Base Prospectus refers. The Base Prospectus has not been inspected or audited by DLR’s auditors.

- 7.3 DLR is rated by the credit rating agency S&P Global Ratings (“S&P”). S&P has been established in the European Community and is registered pursuant to European Parliament and Council Regulation 1060/2009 on credit rating agencies, see article 4.1.

(i) At the date of this Base Prospectus, DLR as an issuer has been assigned a Long-Term Credit Rating of ‘A-’ with a stable outlook and a Short-Term Credit Rating of ‘A-2’ by S&P.

(ii) DLR SDOs issued out of Capital Centre B have been assigned a rating of ‘AAA’ by S&P at the date of this Base Prospectus. DLR ROs issued out of the General Capital Centre have also been assigned an ‘AAA’ rating by S&P.

DLR wishes to note that the S&P ratings are subject to change, and that DLR may choose not to have the issued Bonds rated. The rating of the Bonds will be specified in the Final Terms.

At the time of publication of this Base Prospectus, DLR has obtained a second party opinion of DLR’s Green Bond Framework from ISS ESG in connection with DLR’s Green Bonds and Green Loans.

DLR's Green Bond Framework is available at DLR Green Bond Framework, and ISS ESG's opinion is available on DLR SPO and on DLR' website.

Relative to its Green Bond Framework, DLR has obtained a second party opinion prepared at the request of DLR by:

Name:	ISS Corporate Solutions, Inc.
Business address:	702 King Farm Blvd, Suite 400 Rockville, MD 20850 USA
Qualifications:	The business specialises in sustainability.

Any material interests in DLR) ISS ESG has no material interests in DLR.

DLR has selected ISS ESG for the opinion because ISS ESG has previously assessed other Danish mortgage credit institutions. DLR has not made an independent due diligence of ISS ESG in connection with selecting a second party to prepare the opinion for DLR.

## **8. Financial intermediaries' use of the Base Prospectus**

- 8.1 DLR expressly declares that it accepts that this Base Prospectus may be used for resale or final placement of Bonds through financial intermediaries who have been given the consent of DLR, and DLR assumes responsibility for the contents of this Base Prospectus, also in connection with such use.
- 8.2 The consent regarding the use of the Base Prospectus mentioned in item 8.1 of this section 8 "Securities note" is valid for 12 months from the approval of this Base Prospectus.
- 8.3 The offer period during which any resale or final placement of the Bonds may take place is stated in the Final Terms.
- 8.4 Financial intermediaries who have been given the consent of DLR as set out in item 8.1 of this section 8 "Securities note" may solely use this Base Prospectus for resale and final placement of the Bonds in Denmark.
- 8.5 Any unambiguous and objective conditions attached to the consent set out in item 8.1 of this section 8 "Securities note" will be stated in the Final Terms.
- 8.6 Where a financial intermediary uses this Base Prospectus to make an offer of Bonds, the financial intermediary will inform investors of the terms and conditions of the offer at the time of the offer.
- 8.7 A list stating the names and addresses of the financial intermediaries holding permissions to use the Base Prospectus will be stated in the Final Terms.

- 8.8 Information about financial intermediaries not known at the date of approval of the Base Prospectus or the filing of the Final Terms will be stated on DLR's website: [www.dlr.dk/investor](http://www.dlr.dk/investor).

## 9. Annexes

### **Annex 1: Definitions**

References in this Base Prospectus to:

- “latest annual report” mean the Annual Report 2022 of DLR Kredit A/S;
- “latest annual reports” mean the Annual Report 2021 of DLR Kredit A/S and the Annual Report 2022 of DLR Kredit A/S;
- “latest interim report” mean Interim Report, Q1 2023 of DLR Kredit A/S; and
- “latest interim report” mean Interim Report, Q1 2023 of DLR Kredit A/S; and

Both reports are available from DLR’s website, [www.dlr.dk/investor](http://www.dlr.dk/investor). Future interim and annual reports and risk and capital management reports will also be made available on this site.

Where this Base Prospectus refers to “Banking days” or a “Banking day”, it means any day on which Danish payment systems and Danish financial institutions located in Denmark are open for business.

## **Annex 2: Documents and references**

List of documents and references used entirely or in part for the preparation of this Base Prospectus.

- Annual Report 2021 of DLR Kredit A/S  
The annual report is available on DLR's website: [www.dlr.dk/investor](http://www.dlr.dk/investor).
- Annual Report 2022 of DLR Kredit A/S  
The annual report is available on DLR's website: [www.dlr.dk/investor](http://www.dlr.dk/investor).
- Interim report, Q1 2023 of DLR Kredit A/S  
The interim report is available on DLR's website: [www.dlr.dk/investor](http://www.dlr.dk/investor).
- Risk and capital management 2022  
The risk and capital management report is available on DLR's website: [www.dlr.dk/investor](http://www.dlr.dk/investor).
- Articles of Association for DLR Kredit A/S The Articles of Association may be obtained at DLR's premises at Nyropsgade 21, 1780 Copenhagen V, Denmark, or at DLR's website [www.dlr.dk/investor](http://www.dlr.dk/investor) under "Dokumentation og lovgivning" (Danish only).
- Memorandum of Association for KR 276 A/S  
The Memorandum of Association may be obtained at DLR's premises at Nyropsgade 21, 1780 Copenhagen V, Denmark.

**Annex 3: Cross reference table for documents referred to in the base prospectus**

<b>Where in the Base Prospectus is the reference</b>	<b>Document</b>	<b>Where in the document is the reference</b>
Section 7 "Registration document", p. 43 item 5.1.1	Latest annual report of DLR	Lending Activity and Portfolio, pp. 31-34
Section 7 "Registration document", p. 47 item 11.1	2 latest annual reports of DLR	<p><b>Annual Report 2021:</b> Management Statement, pp. 112-113 Management Review, pp. 3-59 Audit Report, pp. 116-120 Accounting Policies, pp. 99-122 Income Statement, p. 66 Balance Sheet, p. 67 Notes, pp. 70-98 Capital and solvency, p. 69</p> <p><b>Annual Report 2022:</b> Management Statement, pp. 118-119 Management Review, pp. 3-60 Audit Report, pp. 122-126 Accounting Policies, pp. 104-115 Income Statement, p. 68 Balance Sheet, p. 69 Notes, pp. 72-103 Capital and solvency, p. 71</p>
Section 7 "Registration document", p. 47 item 11.5.1	Latest interim reports of DLR	<p><b>Interim Report, Q1 2023:</b> Income Statement, p. 18 Balance Sheet, p. 19 Notes, pp. 22-37</p>

**Annex 4: Template for final terms**

Provided below are draft templates for the Final Terms for the Bonds comprised by this Base Prospectus. Reservation is made for the wording, which may differ in certain places from the template. However, important amendments to or information concerning the content of the Base Prospectus will be made by way of a new Base Prospectus or an addendum to the current prospectus.

The Issuer may add new series and ISINs to this Base Prospectus on an ongoing basis.

# dlr·kredit

## “Final Terms”

for

- **Covered Bonds (SDO)], [Realkreditobligationer (ROs)], [bonds]**

issued [under section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act] by

DLR KREDIT A/S

(DLR or Issuer)

These final terms (the "Final Terms") apply to [CRR-compliant covered bonds (SDOs)]/[UCITS-compliant covered bonds (ROs)]/[Senior Secured Bonds] issued by DLR [under section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act]. The final terms exclusively relate to the specific issue or issues of [covered] bonds (the "Bonds") listed in the Final Terms below.

The bonds will be issued pursuant to the Base Prospectus (programme) for the issuance of CRD-compliant covered bonds, UCITS-compliant covered bonds and bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (Senior Secured Bonds) issued by DLR Kredit A/S dated 23 August 2023 and any addendums to this base prospectus (together the "Base Prospectus").

The Issuer represents:

- that the Final Terms have been prepared in accordance with Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus and any addendums to the Base Prospectus;
- that the Base Prospectus has been published online at DLR's website, [www.dlr.dk/investor](http://www.dlr.dk/investor) and at the website of the Danish FSA, [www.oasm.finanstilsynet.dk](http://www.oasm.finanstilsynet.dk);
- that in order to obtain all information an investor must read the Base Prospectus, any addendums to the Base Prospectus and the Final Terms of the specific Bonds; and
- that the summary for this specific issue is attached as Annex A to the Final Terms.

### **MiFID II-Product governance**

[THE TARGET MARKET FOR THE BONDS IS RETAIL CLIENTS, PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES - Solely what applies to the individual producer's procedure for product approval, the assessment of the target market of the Bonds led to the conclusion that: (i) the target market for the Bonds is solely eligible counterparties, professional clients and retail clients as defined in Directive 2014/65/EU ("MiFID II") and (ii) all channels of distribution are appropriate. Any person who subsequently offers, sells or recommends the Bonds (a "Distributor") must take the producer's assessment of the target market into consideration. A Distributor who is subject to MiFID II is, however, responsible for undertaking their own assessment of the target market of the Bonds (either by assuming or improving the producer's assessment of the target market) and also for determining appropriate distribution channels subject to the Distributor's execution of suitability and appropriateness tests under MiFID II, if relevant.]

[THE TARGET MARKET FOR THE BONDS IS SOLELY PROFESSIONAL CLIENTS AND ELIGIBLE

COUNTERPARTIES - Solely what applies to the individual producer's procedure for product approval, the assessment of the target market of the Bonds led to the conclusion that (i) the target market for the Bonds is solely eligible counterparties and professional clients as defined in Directive 2014/65/EU ("MiFID II") and (ii) all channels of distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person who subsequently offers, sells or recommends the Bonds (a "Distributor") must take the assessment of the client type into consideration. A Distributor who is subject to MiFID II is, however, responsible for undertaking their own assessment of the target market of the Bonds (either by assuming or improving the producer's assessment of the target market) and also for determining appropriate distribution channels.]

## Fixed-rate, callable bonds

### Bond terms

<b>Opening date:</b>	[Opening date]
<b>Capital centre:</b>	[Indication of capital centre]
<b>Bond type:</b>	[Indication of bond type]
<b>ISIN:</b>	[•]
<b>Maturity date/due date:</b>	[Maturity date]
<b>Currency:</b>	[Currency]
<b>Interest:</b>	
<i>Interest:</i>	Fixed interest rate
<i>Annual payment dates:</i>	[•]
<i>Nominal coupon rate:</i>	[•]% p.a.
<i>Day count convention:</i>	Actual/actual.
<i>Interest payment date:</i>	[Dates] of each year until the maturity date. If the interest payment date is not a Banking Day, the interest payment will be postponed to the next Banking Day.
<i>First date of interest accrual:</i>	[Date]
<i>Yield to maturity:</i>	Ex-post calculation of the yield-to-maturity is not possible as the Bonds will be issued on an ongoing basis throughout the offer period of the Bonds.
<b>Interest-only period:</b>	[None] [Up to [•] years of interest-only period on the loans behind].
<b>Amortisation:</b>	Annuity bonds.  The Bonds are drawn according to the loans funded by the Bond series. At each payment date, a bond amount corresponding to the ordinary and extraordinary repayments on the loans is drawn.  Drawing is published on an ongoing basis at the Issuer's website <a href="http://www.dlr.dk/investor">www.dlr.dk/investor</a> .
<b>Borrower's prepayment rights:</b>	The borrower can prepay his loan in one of the following ways: <ol style="list-style-type: none"> <li>1. Redemption of bonds at market price;</li> <li>2. Redemption on payment date at par; or</li> <li>3. Immediate redemption at par.</li> </ol> <p>The bonds are callable. This means that the borrower may, at any future repayment date and irrespective of the actual market price, prepay his loan at par. The notice period for prepayment is two months before a payment date.</p>

### Terms for the issuance

<b>Opening period:</b>	[Description of opening period]
------------------------	---------------------------------

<b>Restrictions on the individual investor's right to subscribe for the Bonds:</b>	DLR has set no limit to the number of subscriptions allowed for the individual investor.
<b>Denomination:</b>	DKK 0.01 (minimum denomination)
<b>Offer price:</b>	Market price
<b>Other expenses payable by bond purchasers:</b>	No expenses other than ordinary transaction costs will be payable by bond purchasers.
<b>Listing:</b>	The Bonds will be admitted to listing on Nasdaq Copenhagen A/S. Date of expected admission to listing: [Date].
<b>Securities depository:</b>	The Bonds will be issued through and registered with: [VP Securities A/S, Nicolai Eigtveds Gade 8, DK-1402 Copenhagen K, Denmark ] [●].
<b>Value date:</b>	The Bonds are traded with a value date of [●] Banking days unless otherwise agreed.
<b>Agreements on the underwriting of the Bonds:</b>	DLR has made no agreement with securities dealers on the placement of the Bonds.
<b>Financial intermediaries' use of the Base Prospectus:</b>	DLR has granted no consent to any financial intermediary's use of the Base Prospectus in connection with offer or placing of the Bonds.
<b>Agreement on market making:</b>	[DLR has not entered into any agreement with any company concerning the quoting of bid and offer prices for the Bonds.] [DLR has entered into market maker agreements ("Primary Dealer" agreements) in covered bonds with a number of banks. The agreements may, possibly with a notice, be terminated by the contracting parties at any time. DLR is not under any obligation to maintain the contracted Primary Dealer agreements in the bonds.]
<b>Other information on the Bonds</b>	
<b>Capital centre:</b>	The Bonds will be issued out of [indication of capital centre]. Annex B to the Final Terms contains an overview as per today's date of bonds issued out of [indication of capital centre].
<b>Information on the outstanding amount of Bonds:</b>	The outstanding amount of bonds is stated on DLR's website: <a href="http://www.dlr.dk/investor">www.dlr.dk/investor</a> and/or on Nasdaq Copenhagen A/S' website <a href="http://www.nasdaqomxnordic.com">www.nasdaqomxnordic.com</a> on a current basis.
<b>Conflicting interests:</b>	DLR has no notice of any conflicts of interest material to the offer of the Bonds.
<b>Authorisation and approval pursuant to which the Bonds are issued:</b>	[Specification of authorisations and approvals pursuant to which the bonds are issued]
<b>Credit rating of the Bonds:</b>	[●]

These "Final Terms" have been approved by DLR on [date].

On behalf of DLR Kredit A/S:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

Title:

Title:

## Floating-rate bonds

### Bond terms

<b>Opening date:</b>	[Opening date]
<b>Capital centre:</b>	[Indication of capital centre]
<b>Bond type:</b>	[Indication of bond type]
<b>Green Bonds</b>	[Yes/not relevant]
<b>ISIN:</b>	[●]
<b>Maturity date/due date:</b>	[Maturity date]  [Pursuant to section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and the corresponding Executive Order on refinancing of adjustable-rate mortgages, the maturity of the Bonds can, under certain special circumstances, be extended as specified below.]
<b>Currency:</b>	[Currency]
<b>Interest:</b>	
<i>Interest:</i>	The Bonds carry a floating interest rate. [However, until the first fixing date of [date] the Bonds carry an initial coupon rate of [●]% p.a.]
<i>Annual payment dates:</i>	[●]
<i>Nominal coupon rate:</i>	A floating coupon rate which is composed of the reference rate of interest plus the interest rate spread, if any.  [Description of terms in the event that the coupon rate becomes negative]  [In case the Bond terms are extended pursuant to section 6, special interest rate conditions will prevail, cf below.]
<i>Interest rate spread:</i>	[[●] percentage points p.a.][tbd]
<i>Interest cap:</i>	[None][●].
<i>Reference rate:</i>	[3m]/[6m] [CIBOR]/[CITA]/[EURIBOR] [●] delivered by [Danish Financial Benchmark Facility (DFBF)/European Money Markets Institute ("EMMI") ]. On the date of these final terms, [DFBF/EMMI] does not appear from ESMA's register of administrators and benchmarks, created and maintained by the European Securities and Markets Authority in accordance with Article 36 of Regulation (EU) 2016/2011 (the "Benchmark Regulation"). To the best of the Issuer's knowledge, the transitional provisions of Article 51 of the Benchmark Regulation apply, and currently there is no requirement that [DFBF/EMMI] has obtained approval or registration]
<i>Interest rate fixing frequency:</i>	[Quarterly]/[semi-annually]
<i>Interest rate fixing method:</i>	[Description of method, dates and times for the fixing of the reference rate.]
<i>Interest rate fixing period:</i>	[Description of the fixing period]
<i>Day count convention:</i>	[Actual/actual] [Actual/360] [365/360] [●].
<i>Interest payment date:</i>	[Dates] of each year until the maturity date.  If the interest payment date is not a Banking Day, the interest payment will be postponed to the next Banking Day.

<i>First date of interest accrual:</i>	[Date]
<i>Information on the price development of the money market rate forming the basis for the reference rate:</i>	[Description of the quotation, collection, calculation and publication of the chosen reference rate]
<i>Yield to maturity:</i>	[Ex-post calculation of the yield-to-maturity is not possible as Bonds will be issued on an ongoing basis throughout the offer period of the Bonds.] <i>[If possible, the yield to maturity is specified.]</i>
<b>Interest-only period:</b>	[The loans are either bullet loans or annuity loans with up to [●] years of interest-only period.]  [Not applicable to Senior Secured Bonds]
<b>Amortisation:</b>	[The <a href="#">Bonds</a> will be amortised on the basis of the loans provided in the series.]  [Not applicable to Senior Secured Bonds]
<b>Borrower's prepayment rights:</b>	[Redemption of Bonds at market price. The Bonds are non-callable.]  [Not applicable to Senior Secured Bonds]
<b>Statutory maturity extension in the event of interest rate increase:</b>	[The Bonds [are not][are] comprised by the statutory maturity extension in the event of interest rate increase, as specified in item 4.8.7. of the SECURITIES NOTE of the Base Prospectus.  [DLR will decide to extend the term-to-maturity of the Bonds, in full or in part, by 12 months from the ordinary maturity date of the Bonds if, at refinancing of expiring Bonds, the yield-to-maturity becomes more than 5 percentage points higher than the most recently fixed interest rate.  The coupon rate on extended Bonds will be set at the most recently fixed interest rate with the addition of 5 percentage points.  An extension of the maturity of the Bonds resulting from an interest rate trigger must be made public on <a href="http://www.dlr.dk/investor">www.dlr.dk/investor</a> immediately after completed refinancing.]  [Not applicable to Senior Secured Bonds]
<b>Statutory maturity extension in the event of an insufficient number of buyers:</b>	[The Bonds [are not][are] comprised by statutory maturity extension in the event of an insufficient number of buyers, see item 4.8.7. in the SECURITIES NOTE of the Base Prospectus.  [DLR will decide to extend the term-to-maturity of the Bonds, in full or in part, by 12 months at a time from the ordinary maturity date of the Bonds if, at refinancing of expiring Bonds, there is an insufficient number of buyers for all the new bonds required.  The coupon rate on extended Bonds will be set at the most recently fixed interest rate with the addition of 5 percentage points. The coupon rate will remain unchanged for the entire 12-month extension period. The interest rate will be fixed initially at the time of extending the maturity of the bonds. For additional maturity extensions caused by an insufficient number of buyers, the coupon fixed at the first extension will continue to apply.  DLR will publish the coupon on the extended bonds by means of a company announcement. In the event of any further extension, the coupon rate fixed in connection with the first extension will continue to apply.]

A decision on maturity extension can be taken until the ordinary maturity date of the Bonds and will be made public by means of a company announcement immediately hereafter.]

[If the term-to-maturity of SDOs issued out of Capital Centre B is extended under the statutory maturity extension based on the refinancing failure trigger, see section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, DLR is obliged to extend the term-to-maturity correspondingly on Senior Secured Bonds used as supplementary collateral for the SDOs if these Senior Secured Bonds expire during the extension period. However, the Senior Secured Bonds in question may be redeemed at ordinary maturity if DLR issues or has issued new bonds to replace these in full or in part. Please refer to section 8 "SECURITIES NOTE", item 4.8.7, for a detailed description of the provisions governing statutory maturity extension.]

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#### Terms for the issuance

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<b>Opening period:</b>	[Description of opening period]
<b>Restrictions on the individual investor's right to subscribe for the Bonds:</b>	DLR has set no limit to the number of subscriptions allowed for the individual investor.
<b>Denomination:</b>	0.01 (minimum denomination)
<b>Offer price:</b>	Market price
<b>Other expenses payable by bond purchasers:</b>	No expenses other than ordinary transaction costs will be payable by bond purchasers.
<b>Listing:</b>	The Bonds will be admitted to listing on Nasdaq Copenhagen A/S. Date of expected admission to listing: [Date].
<b>Securities depository:</b>	The Bonds will be issued through and registered with: [VP Securities A/S, Nicolai Eigtveds Gade 8, DK-1402 Copenhagen K, Denmark ] [●].
<b>Value date:</b>	The Bonds are traded with a value date of [●] Banking days unless otherwise agreed.
<b>Agreements on the underwriting of the Bonds:</b>	[DLR has made no agreement with securities dealers on the placement of the Bonds.] [The Bonds have been placed in the market by financial intermediaries on behalf of DLR.]
<b>Financial intermediaries' use of the Base Prospectus:</b>	DLR [has] [has not] granted consent to any financial intermediary's use of the Base Prospectus in connection with the offer or placing of the Bonds.
<b>Agreements on the underwriting of the bonds:</b>	[DLR has made no binding agreement with any entity on the underwriting of the Bonds.] [DLR has entered into an agreement on the underwriting of the Bonds with the following compan[y/ies]: [Company name and address].
<b>Agreement on market making:</b>	[DLR has not entered into any agreement with any company concerning the quoting of bid and offer prices for the Bonds.] [DLR has entered into market maker agreements ("Primary Dealer" agreements) in covered bonds with a number of banks. The agreements may, possibly with a notice, be terminated by the contracting parties at any time. DLR is not under any obligation to maintain the contracted Primary Dealer agreements in the bonds.]

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#### Other information on the Bonds

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<b>Capital centre:</b>	The Bonds will be issued out of [indication of capital centre]. Annex B to the Final Terms contains an overview as per today's date of bonds issued out of [indication of capital centre].
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**Information on the outstanding amount of Bonds:**

The outstanding amount of bonds is stated on DLR's website at [www.dlr.dk/investor](http://www.dlr.dk/investor) and/or on Nasdaq Copenhagen A/S' website: [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com) on a current basis.

**Conflicting interests:**

DLR has no notice of any conflicts of interest material to the offer of the Bonds.

**Authorisation and approval pursuant to which the Bonds are issued:**

*[Specification of authorisations and approvals pursuant to which the bonds are issued]*

**Credit rating of the Bonds:**

[•]

These "Final Terms" have been approved by DLR on [date].

On behalf of DLR Kredit A/S:

\_\_\_\_\_

Name:

Title:

\_\_\_\_\_

Name:

Title:

## Fixed-rate bullet bonds

Bond terms	
<b>Opening date:</b>	[Opening date]
<b>Capital centre:</b>	[Indication of capital centre]
<b>Bond type:</b>	[Indication of bond type]
<b>Green Bonds</b>	[Yes/not relevant]
<b>ISIN:</b>	[●]
<b>Maturity date/due date:</b>	[Maturity date]  [Pursuant to section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and the corresponding Executive Order on refinancing of adjustable-rate mortgages, the maturity of the Bonds can, under certain special circumstances, be extended as specified below.]
<b>Currency:</b>	[Currency]
<b>Interest:</b>	
<i>Interest:</i>	Fixed interest rate
<i>Annual payment dates:</i>	1
<i>Nominal coupon rate (bond interest rate):</i>	[●] % p.a.  [If the maturity of the Bonds is extended, special interest rate terms will apply as specified below.]
<i>Day count convention:</i>	[Actual/actual] [●]
<i>Interest payment date:</i>	First calendar day of a month.  If the interest payment date is not a Banking Day, the interest payment will be postponed to the next Banking Day.
<i>First date of interest accrual:</i>	[Date]
<i>Yield to maturity:</i>	[The yield to maturity of the Bonds cannot be specified as the Bonds are issued on tap as long as the ISIN is open.] [●] % p.a.]
<b>Amortisation:</b>	Bullet bonds.  The Bonds are drawn by redemption at par on the date of maturity[, unless the maturity of the Bonds is extended according to the below specified.]
<b>Borrower's prepayment rights:</b>	[Redemption of Bonds at market price.  The Bonds are non-callable.]  [Not applicable to Senior Secured Bonds]
<b>Statutory maturity extension in case of interest rate increase (interest rate trigger):</b>	[The Bonds [are][are not] comprised by the statutory maturity extension in case of interest rate increase, see 4.8.7. of the SECURITIES NOTE in the Base Prospectus.  [DLR will decide to extend the term-to-maturity of the Bonds, in full or in part, by 12 months from their ordinary maturity date if, at refinancing, the yield-to-maturity becomes more than 5 percentage points higher than the yield-to-maturity [fixed at the

last refinancing] [of an equivalent bond with a similar term-to-maturity 11-14 months earlier].

The coupon on extended bonds is set at the yield to maturity [for the Bonds fixed at the last refinancing][an equivalent bond with a similar term to maturity 11-14 months earlier], with the addition of 5 percentage points.

An extension of the maturity of the Bonds resulting from an interest rate trigger must be made public on [www.dlr.dk/investor](http://www.dlr.dk/investor) immediately after completed refinancing.]

[Not applicable to Senior Secured Bonds]

**Statutory maturity extension in the event of an insufficient number of buyers (refinancing failure trigger):**

[The Bonds are comprised by statutory maturity extension in the event of an insufficient number of buyers, see item 4.7.7. in the SECURITIES NOTE of the Base Prospectus.

DLR will decide to extend the term-to-maturity of the Bonds, in full or in part, by 12 months at a time from their ordinary maturity date if, at refinancing, there is an insufficient number of buyers for all the new bonds required.

The coupon rate on extended Bonds is to be set at the yield-to-maturity [fixed at the last refinancing] [on a corresponding bond with a similar term to maturity 11-14 months earlier] [on a bond with a term-to-maturity of 11-14 months fixed 11-14 months earlier], with the addition of 5 percentage points.

A decision on maturity extension can be taken until the ordinary maturity date of the Bonds and will be made public by means of a company announcement immediately hereafter. DLR will publish the coupon rate on extended Bonds by means of a company announcement.

The interest rate will be fixed initially at the time of extending the maturity of the bonds. For additional maturity extensions caused by of an insufficient number of buyers, the coupon rate fixed at the first extension will continue to apply.]

[If the maturity of SDOs issued out of capital centre B is extended under the statutory maturity extension based on the refinancing failure trigger, see section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, DLR must extend the maturity correspondingly for senior secured bonds used as supplementary collateral for the SDOs if these senior secured bonds mature during the extension. However, the senior secured bonds in question may be redeemed at ordinary maturity if DLR issues or has issued new bonds to replace these in full or in part. Please refer to section 8 "SECURITIES NOTE", item 4.8.7, for a detailed description of the provisions governing statutory maturity extension.]

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**Terms for the issuance**

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<b>Opening period:</b>	[Description of opening period]
<b>Restrictions on the individual investor's right to subscribe for the Bonds:</b>	DLR has set no limit to the number of subscriptions allowed for the individual investor.
<b>Denomination:</b>	0.01 (minimum denomination)
<b>Offer price:</b>	Market price
<b>Other expenses payable by bond purchasers:</b>	No expenses other than ordinary transaction costs will be payable by bond purchasers.
<b>Listing:</b>	The Bonds will be admitted to listing on Nasdaq Copenhagen A/S. Date of expected admission to listing: [Date].

<b>Securities depository:</b>	The Bonds will be issued through and registered with: [VP Securities A/S, Nicolai Eigtvæds Gade 8, DK-1402 Copenhagen K, Denmark ] [●].
<b>Value date:</b>	The Bonds are traded with a value date of [●] Banking days unless otherwise agreed.
<b>Agreements on the underwriting of the Bonds:</b>	DLR [has] [has not] made any agreement with securities dealers on the placement of the Bonds.
<b>Financial intermediaries' use of the Base Prospectus:</b>	[DLR has granted no consent to any financial intermediary's use of the Base Prospectus in connection with the offer or placing of the Bonds.] [DLR has entered into an agreement on the underwriting of the Bonds with the following compan[y/ies]: [Company name and address].
<b>Agreements on the underwriting of the bonds:</b>	[DLR has made no binding agreement with any entity on the underwriting of the Bonds.] [DLR has entered into an agreement on the underwriting of the Bonds with the following compan[y/ies]: [Company name and address].
<b>Agreement on market making:</b>	[DLR has not entered into any agreement with any company concerning the quoting of bid and offer prices for the bonds.] [DLR has entered into market maker agreements ("Primary Dealer" agreements) in covered bonds with a number of banks. The agreements may, possibly with a notice, be terminated by the contracting parties at any time. DLR is not under any obligation to maintain the contracted Primary Dealer agreements in the bonds.]

**Other information on the Bonds**

<b>Capital centre:</b>	The Bonds will be issued out of [indication of capital centre].  Annex B to the Final Terms contains an overview as per today's date of bonds issued out of [indication of capital centre].
<b>Information on the outstanding amount of Bonds:</b>	The outstanding amount of bonds is provided at the Issuer's website on an ongoing basis: <a href="http://www.dlr.dk/investor">www.dlr.dk/investor</a> and/or at NASDAQ Copenhagen A/S' website: <a href="http://www.nasdaqomxnordic.com">www.nasdaqomxnordic.com</a> .
<b>Conflicting interests:</b>	DLR has no notice of any conflicts of interest material to the offer of the Bonds.
<b>Authorisation and approval pursuant to which the Bonds are issued:</b>	[Specification of authorisations and approvals pursuant to which the bonds are issued]
<b>Credit rating of the Bonds:</b>	[●]

These "Final Terms" have been approved by DLR on [date].

On behalf of DLR Kredit A/S:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

Title:

Title:

**Annex A:**

Summary of the Base Prospectus for bonds, including information about the Final Bond Terms

**Annex B:** Bonds issued out of [indication of capital centre]