

Interim report Q1 2024



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DLR at a glance

DLR is a mortgage credit institution owned primarily by local and national banks that collaborate with DLR. These banks are DLR's local representation, as loans are distributed through the branch networks of DLR's shareholder banks.

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

Financial highlights¹

Highlights, DKKm	Q1 2024	Q1 2023	Ratio 24/23	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Income statement							
Administration fee income	489	480	102	489	484	481	482
Other core income, net	22	25	87	22	26	19	21
Interest expenses, senior debt and subordinated debt	-26	-20	133	-26	-26	-25	-19
Fee and commission income, net	-160	-155	103	-160	-137	-148	-120
Core income (mortgage credit income)	325	331	98	325	347	327	363
Staff costs and administrative expenses, etc.	-95	-88	108	-95	-97	-81	-84
Other operating expenses	-5	-5	118	-5	-5	-5	-6
Results from core activities	225	239	94	225	245	240	272
Provision for loan and receivable impairment, etc.	-5	0		-5	-3	1	3
Portfolio earnings (securities)	163	171		163	308	209	112
Profit before tax	383	411	93	383	549	450	387
Profit after tax	284	308	92	284	410	336	293
Balance Sheet at 31 March	Q1 2024	Q1 2023	Ratio 24/23	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Assets							
Loans and advances	184,247	173,036	106	184,247	181,961	174,485	174,030
Bonds and shares	8,980	10,174	88	8,980	7,829	8,048	8,466
Other assets	3,523	2,999	117	3,523	3,100	3,581	3,452
Total assets	196,750	186,209	106	196,750	192,890	186,114	185,948
Liabilities and equity							
Issued bonds	175,268	166,380	105	175,268	172,006	165,679	166,505
Other debt and payables	2,750	2,432	113	2,750	2,436	2,409	1,754
Subordinated debt	1,299	1,298	100	1,299	1,298	1,298	1,298
Equity	17,433	16,099	108	17,433	17,149	16,728	16,391
Total liabilities and equity	196,750	186,209	106	196,750	192,890	186,114	185,948

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

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

Financial ratios	Q1 2024	Q1 2023	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Return on equity (ROE)						
Profit before tax in pc of equity *	2.2%	2.6%	2.2%	3.2%	2.7%	2.4%
Profit after tax in pc of equity *	1.6%	1.9%	1.6%	2.4%	2.1%	1.8%
Solvency						
Capital ratio **	24.0%	24.1%	24.0%	24.0%	23.6%	23.5%
Lending Activity						
Growth in loan portfolio, pc (nominel) *	1.2%	1.0%	1.2%	2.1%	0.2%	0.8%
New loans, gross (DKKm)	7,155	7,191	7,155	8,468	6,259	5,981

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

** The capital ratio for Q1, Q2 and Q3 has been calculated without taking into account the period's result, as the accounts have not been subject to an audit review.

Q1 2024 - Highlights

- DLR generated administration margin income of DKK 489m in Q1 2024.
- Pre-tax profit amounted to DKK 383m.
- Profit was positively impacted by portfolio earnings of DKK 163m.
- Lending activities in Q1 2024 were at the same level as in 2023. Gross lending was DKK 7.2bn, and net lending amounted to DKK 2.4bn (nominal value).
- For 2024, DLR still expects core earnings before impairment in the order of DKK 900 – 1,000m and a pre-tax profit of around DKK 1,450 – 1,650m.

CEO statement

Statement by CEO Jens Kr. A. Møller on the release of the interim report for the first quarter of 2024:

“DLR delivered a pre-tax profit of DKK 383m in Q1 2024, which is satisfactory and slightly ahead of budget. The financial results were affected by a slight drop in core earnings, persistently low losses and impairment charges and continued high portfolio earnings driven by the higher level of interest rates.

The satisfactory lending growth we have experienced in recent years continued in Q1 2024 where DLR achieved reported net lending of DKK 2.4bn. During the past 12 months, our loan portfolio grew by DKK 7.9bn, or 4.3 pct.

The increase of lending was reported in all of DLR's principal lending segments. At the same time, the share of lending to residential rental properties and office and retail properties continued to grow, making DLR's total lending more diversified.

Customer credit quality remained high throughout the quarter, as reflected, among other things, in a historically low level of arrears. The commercial property segments characterised by low vacancy rates, and rent levels have successfully been aligned with the higher levels of inflation and interest rates, helping to maintain earnings. However, the higher interest rates fed through to commercial property prices, which continued on the slowing trend from 2023, although with geographical differences.

For the agricultural sector, the positive cyclical trends continued into 2024 with terms of trade generally at satisfactory levels. Milk prices, which fell throughout 2023 from a very high level at the start of the year, have now reached stable levels that remain supportive of satisfactory earnings. With respect to the profitability of pig farming, producers of weaners has good price ratios, while producers of slaughter pigs, on the other hand, are feeling the impact of higher prices of weaners. For arable farmers, the terms of trade have gradually deteriorated since the record year of 2022 in step with falling product prices, and they are now at a barely satisfactory level.

In Q1 2024, the Danish agricultural sector came a step closer to a clarification on an upcoming carbon tax. In February, an expert committee presented a report with three different models for a carbon tax, ranging from DKK 125 to DKK 750 per tonne emitted. The carbon tax is expected to be the cornerstone of the political

agreement on a green transition of Danish agriculture, which is scheduled to be negotiated by the green tripartite before the summer holidays. As many stakeholders of the tripartite need to find common ground in the negotiations, the outcome is subject to uncertainty.

DLR still expects the carbon tax will be fixed within the framework of the government platform so as not to impair the competitive strength of Danish agriculture and a resulting loss of jobs. Against this background and due to uncertainty relating to the consequences of the tax for the agricultural sector, DLR has maintained its impairment charges at an unchanged level compared with end-2023.

DLR generally aims to play a role as an active lender relative to the sustainable transition in close cooperation with the loan-distributing banks, for both agricultural and non-agricultural customers. In our role as an active lender, DLR offers loans funded using green bonds, for which the criteria are being expanded to also include biogas and hydroelectric power. In adapting to the new carbon tax, the agricultural sector will face a need for investing in sustainable solutions, which DLR considers a relevant lending area.

For the full-year 2024, DLR still guides for core earnings before impairment in the order of DKK 900 – 1,000m and a pre-tax profit of around DKK 1,450 – 1,650m."

Jens Kr. A. Møller
Managing Director & CEO



Comments on the results for Q1 2024

Income statement

DLR's earnings primarily stem from:

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

The income statement for Q1 2024 is set out below.

Income statement, DKKm	Q1 2024	Q1 2023
Administration fee income	489	480
Other core income, net	22	25
Interest expenses subordinated debt	-11	-11
Interest expenses senior debt	-15	-9
Fee and commission income, net	39	43
Fee and commission income, loan intermediaries	-194	-192
Fee and commission income, other	-5	-7
Core income (mortgage credit income)	325	331
Staff costs and pensions expenses	-65	-61
Administrative expenses	-30	-26
Other operating expenses	-5	-5
Results from core activities	225	239
Provision for loan and receivable impairment, etc.	-5	0
Portfolio earnings (securities)	163	171
Profit before tax	383	411
Tax	-100	-103
Profit after tax	284	308

Core earnings

Administration margin income amounted to DKK 489m, an increase of DKK 9m relative to the same period of last year. The increase was driven by loan portfolio growth.

Other core income primarily concerns income from loan origination fees and also income from default interest and various other income. This income amounted to DKK 22m in Q1 2024.

Fees and commission income comprises fee income in connection with the disbursement and repayment of mortgage loans plus spread income stemming from loan refinancing and disbursement. This income amounted to DKK 39m, which was a bit lower than in the year-earlier period.

Fees and commissions paid – loan distributors concerns commission payable to the banks that have facilitated DLR's loans. Expenses include both agency commission and commission for the provision of loss guarantees, etc. The expenses amounted to DKK 194m, which was at the same level as in Q1 2023. In addition, there are various other commission expenses.

This brought core income to DKK 325m, a decrease of DKK 6m relative to the same period of 2023.

Staff costs and administrative expenses, etc. amounted to DKK 95m, which is DKK 8m more than in the same period of last year. The higher costs partly reflect a small increase in the number of employees, partly the agreed pay increases under collective agreements and price increases for a number of expense items.

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

Impairment on loans, advances and receivables (profit impact) amounted to an expense of DKK 5m, while the item was neutral in the same period of last year.

Portfolio earnings

Portfolio earnings amounted to DKK 163m in Q1 2024, which was slightly lower than in the year-earlier period.

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

Profit and allocation of comprehensive income

Profit before tax for the period was DKK 383m, against DKK 411m in the year-earlier period.

In 2024, the current tax is calculated based on a tax percentage for 2024 of 26 pct. and is subsequently calculated at DKK 100m.

Profit for the period after tax is subsequently DKK 284m.

Balance sheet

Mortgage lending at fair value amounted to DKK 184.2bn at the end of Q1 2024, which was an increase of DKK 2.3bn relative to the end of 2023.

Bond holdings amounted to DKK 25.0bn (note 14). Of this amount, the portfolio of DLR bonds amounted to DKK 16.1bn, which is netted in Issued bonds at fair value,

while DKK 7.9bn was attributable to positions in government securities and other mortgage bonds.

In addition to the bond holding of DKK 25.0bn, DLR held other securities in the form of receivables for DKK 3.3bn with central banks and credit institutions and interest receivable on the bond portfolio. The total securities portfolio subsequently amounted to DKK 28.3bn (gross) at the end of Q1 2024.

Of the total securities amount, temporary liquidity in connection with mortgage lending activity comprised DKK 4.4bn, leaving the investment holding at DKK 23.9bn.

DLR's total assets stood at DKK 196.7bn at the end of Q1 2024.

Capital and solvency

DLR's capital and solvency figures at the end of Q1 2024 are shown in the table below.

	31-Mar 2024	31-Dec 2023
Capital and solvency (DKKm)		
Equity	17,433	17,149
Result etc. that cannot be recognized in core capital	-284	0
Deduction of proposed dividends	-750	-750
Deduction of bond holdings secured by own shares	-287	-282
Deductions as a consequence of prudent valuation	-23	-23
Deductions as a consequence of non-performing exposures	-15	-11
Difference between expected losses and impairment losses	-21	-40
Common equity tier 1 capital	16,054	16,044
Subordinated capital (tier 2 capital)	1,299	1,298
Deductions from tier 2 capital	0	0
Own funds	17,353	17,342
Risk-weighted exposure with credit risk etc.	66,992	66,475
Risk-weighted exposure with market risk	2,257	2,682
Risk-weighted exposure with operational risk	3,001	3,001
Total risk-weighted exposure	72,250	72,158
Common equity tier 1 capital ratio	22.2%	22.2%
Total capital ratio	24.0%	24.0%

Own funds

At 31 March 2024, own funds amounted to DKK 17.4bn. The profit for Q1 2024 has not been recognised in own funds because the auditors have not performed a review of the financial statements. The changes relative to end-2023 exclusively relate to small adjustments (see the table above).

Weighted risk exposure

Weighted risk exposures amounted to DKK 72.3bn at 31 March 2024, which is DKK 0.1bn higher than at year-end 2023.

Weighted exposures with credit risk rose by DKK 0.5bn in Q1 2024, primarily because of the higher loan portfolio.

Weighted exposures with market risk fell by DKK 0.4bn because a significant part of DLR's securities portfolio is held in ARM Short bonds, on which interest is reset at the end of December and June, respectively. This entails that portfolio duration is lower after both Q1 and Q3 compared with Q2 and Q4, causing a lower risk exposure.

Capital ratios

DLR's total capital ratio was 24.0 pct. at 31 March 2024, which was unchanged from end-2023.

The common equity tier 1 capital ratio was 22.2 pct., which was also unchanged from the end of 2023.

If the profit for Q1 2024 had been recognised, the total capital ratio would have been 24.4%, and the common equity tier 1 capital ratio would have been 22.6 pct..

Risk factors

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

For a more detailed description of market risk and credit risk, please see our report on Risk and Capital Management for 2023, which is available on

Arrears and forced sales

At 31 March 2024, outstanding mortgage payments amounted to DKK 74m, against DKK 61m at year-end 2023. Of the amount in arrears, the bulk stems from mortgage payments that are less than 3½ months overdue.

DLR recorded a loss on one property in Q1 2024, which was unchanged from the same period of 2023.

DLR had no repossessed properties at 31 March 2024.

Outlook for 2024

In its Annual Report 2023, DLR guided for core earnings before impairment in the order of DKK 900m – 1,000m and a pre-tax profit of around DKK 1,450m – 1,650m for the full-year 2024.

The above guidance is unchanged at the end of Q1 2024.

Accounting policies

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

The accounting policies are consistent with those applied in Annual Report 2023.

The financial statements have neither been audited nor reviewed.

Events after the balance sheet date

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

Additional information

For further information on DLR, please refer to [www.dlr.dk](#), where the Annual Report 2023 and DLR's Risk and Capital Management Report, etc. are available for download.

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

Contacts

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Financial statements Q1 2024

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Income statement and statement of comprehensive income (DKKm)

Note		Q1 2024	Q1 2023
1	Interest income	1,981	1,525
2	Interest expenses	-1,345	-937
	Net interest income	636	588
	Share dividends etc.	0	0
	Fees and commission income	39	43
	Fees and commission paid	-199	-198
	Net interest and fee income	476	433
3	Market value adjustments	13	69
	Other operating income	0	0
4-5	Staff costs and administrative expenses	-94	-87
	Depreciation and impairment of property, plant and equipment	-1	-1
	Other operating expenses	-5	-5
6	Impairment of loans, advances, receivables, etc.	-5	0
	Profit before tax	383	411
	Tax	-100	-103
	Profit after tax	284	308
	Statement of comprehensive income		
	Profit after tax	284	308
	Comprehensive income after tax	284	308
	Allocated to equity	284	308

Balance sheet

(DKKm)

Note		31-Mar 2024	31-Dec 2023
	Assets		
	Cash balance and demand deposits with central banks	3,021	2,450
7	Due from credit institutions and central banks	199	183
8, 10-13	Loans, advances and other receivables at fair value	184,242	181,956
9	Loans, advances and other receivables at amortised cost	5	5
14	Bonds at fair value	8,934	7,783
	Shares etc.	46	46
15	Land and buildings, domicile properties	150	150
	Other property, plant and equipment	6	6
	Leasing assets	0	0
16	Other assets	114	283
	Prepayments	33	28
	Total assets	196,750	192,890
	Equity and liabilities		
17	Issued bonds at fair value	171,272	168,011
18	Issued bonds at amortised cost	3,996	3,995
	Current tax liabilities	33	13
19	Other liabilities	2,690	2,400
	Deferred income	1	0
	Total liabilities	177,992	174,419
	Provisions for deferred tax	26	24
	Total provisions	26	24
	Subordinated debt	1,299	1,298
	Total subordinated debt	1,299	1,298
	Share capital	570	570
	Revaluation reserve	86	86
	Undistributable reserve	2,360	2,355
	Retained earnings etc.	13,667	13,388
	Proposed dividend	750	750
	Total equity	17,433	17,149
	Total equity and liabilities	196,750	192,890
20	Off-balance sheet items		
	Guarantees	0	0
	Contingent liabilities (loan offers, other contingent liabilities, etc.)	8,756	10,043
32	Contingent assets		
	Other contingent assets	0	0

Statement of changes in equity

(DKKm)

	Share capital ¹⁾	Revaluation reserve	Undistributable reserve	Proposed dividend	Retained earnings	Total
2023						
Equity at 1 January	570	75	2,338	0	12,808	15,791
Profit for the year	0	0	17	750	580	1,347
Property revaluations	0	15	0	0	0	15
Tax on property revaluations	0	-4	0	0	0	-4
Disposal of treasury shares	0	0	0	0	0	0
Acquisition of treasury shares	0	0	0	0	0	0
Equity at 31 December	570	86	2,355	750	13,388	17,149
2024						
Equity at 1 January	570	86	2,355	750	13,388	17,149
Profit for the year	0	0	4	0	279	284
Property revaluations	0	0	0	0	0	0
Tax on property revaluations	0	0	0	0	0	0
Disposal of treasury shares	0	0	0	0	0	0
Acquisition of treasury shares	0	0	0	0	0	0
Equity at 31 March	570	86	2,360	750	13,667	17,433

1) The share capital is divided into shares of DKK 1.00 each. The total number of shares is 569,964,023. DLR has only one share class, and all shares carry equal rights. DLR held 46,122,083 (2023: 46,122,083) treasury shares at 31 March 2024, corresponding to a nominal value of DKK 46.1m (2023: DKK 46.1m). The portfolio of treasury shares represents 8.1% (2023: 8.1%) of the total share capital.

Capital and solvency

(DKKm)

	31-Mar 2024	31-Dec 2023
Capital and solvency (DKKm)		
Equity	17,433	17,149
Result etc. that cannot be recognized in core capital	-284	0
Deduction of proposed dividends	-750	-750
Deduction of bond holdings secured by own shares	-287	-282
Deductions as a consequence of prudent valuation	-23	-23
Deductions as a consequence of non-performing exposures	-15	-11
Difference between expected losses and impairment losses	-21	-40
Common equity tier 1 capital	16,054	16,044
Subordinated capital (tier 2 capital)	1,299	1,298
Deductions from tier 2 capital	0	0
Own funds	17,353	17,342
Risk-weighted exposure with credit risk etc.	66,992	66,475
Risk-weighted exposure with market risk	2,257	2,682
Risk-weighted exposure with operational risk	3,001	3,001
Total risk-weighted exposure	72,250	72,158
Common equity tier 1 capital ratio	22.2%	22.2%
Total capital ratio	24.0%	24.0%
Statement of excess capital adequacy		
Own funds after deductions	17,353	17,342
Capital adequacy	-6,722	-6,733
SIFI buffer	-722	-722
Capital conservation buffer	-1,806	-1,804
Countercyclical buffer	-1,806	-1,804
Systemic buffer Faroe Islands	-11	-11
Reserved debt buffer	-673	-358
Excess capital adequacy	5,613	5,911

Notes

Notes - Income statement

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Income statement

(DKKm)

Note		Q1	Q1
1	Interest income	2024	2023
	Due from credit institutions and central banks	4	1
	Positive interest loans and advances	1,406	972
	Contributions	489	480
	Bonds	195	138
	Other interest income	21	24
	Total	2,114	1,615
	Interest on own mortgage bonds offset against interest on issued bonds	-134	-90
	Total	1,981	1,525
	Of which interest income from reverse repo transactions	0	0
2	Interest expenses	Q1	Q1
		2024	2023
	Credit institutions and central banks	0	0
	Issued bonds at fair value	-1,404	-973
	Issued bonds at amortised cost	-51	-33
	Subordinated debt	-24	-20
	Negative interest loans and advances	0	0
	Other interest expenses	0	0
	Total	-1,479	-1,027
	Interest on own mortgage bonds offset against interest on issued bonds	134	90
	Total	-1,345	-937
	Of which interest expenses on repo transactions	0	0

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

The interest expenses in 2024 are significantly higher than in 2023. This is essentially a consequence of the increase in interest rates during 2023. As a consequence of the fact that DLR's issued bonds at fair value are provided under the specific balance principle (match funding), the increased interest expense is on issued bonds at fair value, matched by a corresponding increase in interest income on loans at fair value.

Note		Q1	Q1
3	Market value adjustments	2024	2023
	Mortgage loans *	-87	1,196
	Bonds	3	69
	Shares etc.	0	0
	Foreign currency	0	0
	Derivative financial instruments **	9	0
	Other assets	0	0
	Issued bonds*	86	-1,196
	Total	13	69

* DLR's mortgage loans and the corresponding mortgage bonds issued are granted under the specific balance principle.

According to the Danish Financial Supervisory Authority's accounting order, both the mortgage lending and the issued mortgage bonds must be measured at fair value. The fair value of these items is calculated based on the bond prices of the listed bonds. This means that rate regulation of mortgage loans and issued bonds can each amount to relatively high amounts, but the application of the specific balance principle, means that the net effect of mortgage loans and issued bonds will be close to DKK 0m.

** Price adjustments on derivative financial instruments essentially relate to price adjustments on forward sales in connection with refinancing. As the refinancing transaction is fully hedged, there was a corresponding negative price adjustment on bonds, so that the net effect of refinancing is DKK 0.

4	Staff costs and administrative expenses	Q1	Q1
		2024	2023
	Staff costs		
	Salaries	-52	-49
	Pension costs	-5	-5
	Social security costs	-8	-8
	Total	-65	-61
	Other administrative expenses		
	IT expenses	-14	-13
	Audit, financial supervision and industry association	-2	-2
	Other expenses	-13	-11
	Total	-29	-26
	Total staff costs and administrative expenses	-94	-87

DLR's remuneration policy is available at

In addition to the above-mentioned expenses of DKK 94m, depreciation was charged on various assets (separate accounting item) after which expenses for staff, administration and depreciation amounted to DKK 95m in 2024 and DKK 88m in 2023.

Note		Q1	Q1
5	Remuneration for members of the executive Board	2024	2023
	Fixed remuneration	2.1	1.9
	Variable remuneration	0.0	0.0
	Total	2.1	1.9
	Number of members of the executive management	2	2
6	Impairment of loans, advances, receivables, etc.	Q1	Q1
		2024	2023
	Losses in the period	-1	0
	Amounts received on claims previously written off	0	0
	Adjustment of acquired properties	0	0
	Impairment losses in the period	-34	-64
	Reversal of impairment losses	29	64
	Losses offset against commission payments to banks	1	0
	Total	-5	0

Assets

(DKKm)

Note		31-Mar 2024	31-Dec 2023
7	Due from credit institutions and central banks		
	Due from credit institutions	199	183
	Total amount due from credit institutions and central banks	199	183

DLR did not enter into any reverse repo transactions in 2024 or 2023.

8	Loans, advances and other receivables at fair value	31-Mar 2024	31-Dec 2023
	Mortgage loans, nominal value	191,669	189,303
	Adjustment to fair value of underlying bonds *	-7,123	-7,036
	Adjustment for credit risk	-370	-367
	Mortgage loans at fair value	184,176	181,900
	Arrears before impairment losses	74	61
	Other loans and outlays before impairment losses	-1	0
	Impairment losses on arrears and outlays	-7	-5
	Total	184,242	181,956

* DLR's mortgage loans and the corresponding issued mortgage bonds are granted under the specific balance principle.

Pursuant to the Danish FSA's executive order on the presentation of financial statements, the mortgage loan and the issued mortgage bonds must be measured at fair value. The fair value of these items is calculated on the basis of the prices of the listed issued bonds. However, the use of the specific balance principle means the net effect was close to DKK 0m in all financial years.

9	Loans, advances and other receivables at amortised cost	31-Mar 2024	31-Dec 2023
	Loans and advances	6	6
	Adjustment for credit risk	-1	-1
	Total	5	5

Note		31-Mar	31-Dec
10	Mortgage loans (nominal value) by property category	2024	2023
	Owner-occupied dwellings	4.8%	4.8%
	Recreational dwellings	0.3%	0.3%
	Subsidised rental housing properties	0.0%	0.0%
	Co-operative housing	2.1%	2.1%
	Private rental housing properties	22.0%	21.9%
	Properties for manufacturing and manual industries	1.3%	1.3%
	Office and business properties	18.2%	18.0%
	Agricultural properties	50.4%	50.7%
	Properties for social, cultural and educational purposes	0.7%	0.7%
	Other properties	0.0%	0.0%
	Total	100%	100%
11	Number of loans - end of period	31-Mar	31-Dec
		2024	2023
	Number of loans - end of period	72,942	72,810

Note

12 Impairment losses by stage

Impairment of loans and advances at fair value and amortised cost *	31 March 2024			
	Stage 1	Stage 2	Stage 3	Total
Specification of impairment losses at the end of March:				
Loans and advances in stage 1 at beginning of year	21	9	1	30
Loans and advances in stage 2 at beginning of year	1	21	10	32
Loans and advances in stage 3 at beginning of year	0	0	74	75
New loans and advances	5	0	0	6
Management estimate	210	24	1	236
Total	237	55	86	378

DLR's total impairment losses at the end of march 2024 consisted of individual impairment losses of DKK 77m, model calculated impairment losses of DKK 65m and a management overlay of DKK 236m. In the Accounting policies, the methods that form the basis for calculating the impairment losses are explained in more detail.

Impairment of loans and advances at fair value and amortised cost *	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Specification of impairment losses at year-end:				
Loans and advances in stage 1 at beginning of year	14	10	1	25
Loans and advances in stage 2 at beginning of year	2	12	32	46
Loans and advances in stage 3 at beginning of year	0	1	44	45
New loans and advances	10	4	1	14
Management estimate	217	25	1	243
Total	242	52	79	373

DLR's total impairment losses at the end of 2023 consisted of individual impairment losses of DKK 72m, model calculated impairment losses of DKK 58m and a management overlay of DKK 243m. In the Accounting policies, the methods that form the basis for calculating the impairment losses are explained in more detail.

* No loans, advances or other receivables which were credit-impaired on initial recognition were recognised in 2023 or 2024. Impairment losses on loans and advances at fair value and impairment losses on loans and advances at amortised cost have been aggregated as the amount of impairment of loans and advances at amortised cost represents less than 1 pct. of the total impairment loss.

Note**13 Impairment - other financial assets**

	31 March 2024			Total
	Stage 1	Stage 2	Stage 3	
Impairment of cash and demand deposits with central banks	0	0	0	0
Impairment of receivables with credit institutions and central banks	0	0	0	0

All assets in the above table have been classified as stage 1, meaning that impairment losses of less than DKK 0.5m have been recognised. This was also the case at 1. January 2024.

	31 December 2023			Total
	Stage 1	Stage 2	Stage 3	
Impairment of cash and demand deposits with central banks	0	0	0	0
Impairment of receivables with credit institutions and central banks	0	0	0	0

No other financial assets which were credit-impaired on initial recognition were recognised in 2023 or 2024.

14	Bonds at fair value	31-Mar	31-Dec
		2024	2023
	Own mortgage bonds	16,059	20,946
	Other mortgage bonds	7,864	6,715
	Government bonds	1,070	1,069
	Bonds - gross	24,993	28,729
	Own mortgage bonds offset against issued bonds	-16,059	-20,946
	Total	8,934	7,783

Note		31-Mar	31-Dec
15	Land and buildings - domicile properties	2024	2023
	Fair value, beginning of year	150.0	135.3
	Additions during the year	0.0	0.0
	Depreciation	-0.1	-0.4
	Value changes recognised in other comprehensive income	0.0	15.1
	Fair value, end of year	149.9	150.0

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

16	Other assets	31-Mar	31-Dec
		2024	2023
	Positive market value of derivative financial instruments etc.	0	38
	Interest and commission receivable	88	78
	Other receivables	26	167
	Total	114	283

Positive market value of derivative financial instruments consists of forward transactions and market value adjustment of pre-issued bonds with a positive market value.

Equity and liabilities

(DKKm)

Note		31-Mar 2024	31-Dec 2023
17	Issued bonds at fair value		
	Mortgage bonds - nominal value	194,475	196,109
	Fair value adjustment *	-7,144	-7,151
	Issued bonds - gross	187,331	188,957
	Offsetting of own mortgage bonds - fair value	-16,059	-20,946
	Total	171,272	168,011
	Of which pre-issued, market value	424	4,172
	Cash value of bonds drawn for redemption at next repayment date (settlement price)	891	832

* DLR's mortgage loans and the corresponding issued mortgage bonds are granted under the specific balance principle.

Pursuant to the Danish FSA's executive order on the presentation of financial statements, the mortgage loan and the issued mortgage bonds must be measured at fair value. The fair value of these items is calculated on the basis of the prices of the listed issued bonds. The sharp increase in interest rates in the previous year caused bond prices to plummet, resulting in very large market value adjustments in the previous years. However, the use of the specific balance principle means the net effect was close to DKK 0m both in 2023 and 2024.

		31-Mar 2024	31-Dec 2023
18	Issued bonds at amortised cost		
	Issues in connection with senior debt	3,996	3,995
	Offsetting of own bonds	0	0
	Total	3,996	3,995

		31-Mar 2024	31-Dec 2023
19	Other liabilities		
	Negative market value of derivative financial instruments etc.	1	19
	Interest and commission payable	2,513	2,224
	Other liabilities	176	157
	Total	2,690	2,400

Negative market value of derivative financial instruments consists of forward transactions and price adjustment of pre-issued bonds with a negative market value.

Note		31-Mar	31-Dec
20	Off-balance sheet items - guarantees etc.	2024	2023
	Financial guarantees	0.2	0.2
	Total	0.2	0.2
	Other contingent liabilities		
	Irrevocable credit commitments (loan offers)	8,756	10,043
	Total	8,756	10,043

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

21 Contingent assets

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

Key figures and financial ratios

(DKKm)

Note						
22	Key figures - Q1	2024	2023	2022	2021	2020
	Income statement					
	Net interest and fee income	476	433	359	352	365
	Other operating income etc.	0	0	4	6	6
	Staff costs and administrative expenses etc.	-100	-92	-88	-82	-77
	Earnings	376	341	275	276	294
	Impairment of loans, advances and receivables	-5	0	-8	30	-52
	Market value adjustments	13	69	-71	-48	-102
	Profit before tax	383	411	197	258	140
	Profit after tax	284	308	153	201	109
	Balance	2024	2023	2022	2021	2020
	Assets					
	Loans and advances	184,247	173,036	171,699	168,332	157,889
	Bonds, shares, etc.	8,980	10,174	6,754	11,227	12,667
	Other assets	3,523	2,999	2,612	2,466	4,435
	Total assets	196,750	186,209	181,065	182,024	174,991
	Equity and liabilities					
	Issued bonds	175,268	166,380	162,802	164,847	158,493
	Other liabilities	2,750	2,432	1,739	1,494	1,667
	Subordinated debt	1,299	1,298	1,300	1,300	1,300
	Equity	17,433	16,099	15,224	14,384	13,530
	Total equity and liabilities	196,750	186,209	181,065	182,024	174,991

Note		2024	2023	2022	2021	2020
23	Financial ratios Q1					
	Return on equity					
	Profit before tax in per cent of equity *	2.2	2.6	1.3	1.8	1.0
	Profit after tax in per cent of equity *	1.6	1.9	1.0	1.4	0.8
	Return on capital employed					
	Return on capital employed *	0.14	0.17	0.08	0.11	0.06
	Costs					
	Costs in per cent of loan portfolio	0.1	0.1	0.1	0.1	0.1
	Income/cost ratio *	4.7	5.5	3.0	6.0	2.1
	Income/cost ratio, excl. impairment losses	4.9	5.5	3.3	3.8	3.5
	Solvency					
	Total capital ratio *	24.0	24.1	20.4	18.5	17.0
	Tier 1 capital ratio *	22.2	22.3	18.7	16.9	15.5
	Common equity tier 1 capital ratio *	22.2	22.3	18.7	16.9	15.5
	Arrears and impairment losses					
	Arrears, end of period (DKKm)	74	66	62	68	92
	Impairment ratio for the period *	0.00	0.00	0.00	-0.02	0.03
	Accumulated impairment ratio	0.20	0.21	0.23	0.27	0.30
	Lending activity					
	Growth in loan portfolio, per cent (nominal) *	1.2	1.0	1.0	2.1	1.7
	New loans, gross (DKKm)	7,155	7,191	10,546	9,790	10,807
	Number of new loans	1,686	1,917	2,986	4,481	3,373
	Loan/equity ratio *	10.6	10.7	11.3	11.7	11.7
	Margins					
	Percentage of average loan portfolio (nominal):					
	Profit before tax	0.20	0.22	0.11	0.16	0.09
	Administration margin income	0.26	0.26	0.26	0.27	0.27
	Percentage of tier 1 capital after deductions					
	Foreign exchange position as a percentage of tier 1 capital after deductions	2.1	2.1	1.4	1.8	2.9

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

Other notes

(DKKm)

Note

24 Reconciliation of income statement for "core and portfolio earnings" against "official statements" Q1 2024

	Core earnings	Portfolio earnings	Total
Interest income *	1,830	150	1,981
Interest expenses	-1,345		-1,345
Net interest income	485	150	636
Share dividends etc.	0		0
Fees and commission received	39		39
Fees and commission paid	-199		-199
Net interest and fee income	325	150	476
Market value adjustments	0	13	13
Other operating income	0		0
Staff costs and administrative expenses	-94		-94
Depreciation and impairment of property, plant and equipment	-1		-1
Other operating expenses	-5		-5
Impairment of loans, advances, receivables, etc.	-5		-5
Profit before tax	220	163	383
Tax	-57	-42	-100
Profit after tax	163	121	284

* Interest income from portfolio earnings is a net earnings that only includes the part of the bond interest that corresponds to a return in addition to an internal intermediate interest rate. This cannot directly be connected to note 1.

Note

25	Supervisory diamond for mortgage credit institutions, pct.	End of Q1 2024	End of Q4 2023	Threshold
1. Lending growth				
	Private homeowners	1.4	1.5	<15%
	Residential rental property	5.2	6.8	<15%
	Agriculture	3.2	2.4	<15%
	Other business lending	6.8	6.2	<15%
2. Borrower interest-rate risk				
		24.9	24.0	<25%
3. Interest-only lending to private home owners				
		1.0	0.9	<10%
4. Loans with short-term funding (quarterly)				
	Q2 2023	10.4	0.7	<12,5%
	Q3 2023	2.8	10.4	<12,5%
	Q4 2023	2.3	2.8	<12,5%
	Q1 2024	0.2	2.3	<12,5%
	Loans with short-term funding annually *	15.4	16.0	<25%
5. Large exposures				
		41.3	40.1	< 100%

* The percentage for the individual quarters is calculated on the basis of the quarter-end portfolio, while the annual percentage is calculated on the portfolio at the end of the last year. The percentage for the year therefore does not agree with the sum of the percentage in the individual quarters.

Management's statement

The Board of Directors and the Executive Board have today considered and approved the interim report of DLR Kredit A/S for the period 1 January - 31 March 2024.

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

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

In our opinion, the accounting policies applied are appropriate and the interim financial statements present a true and fair view of the Company's assets and liabilities and financial position at 31 March 2024, and of the results of the Company's activities for the reporting period 1 January – 31 March 2024. The financial statements have neither been audited nor reviewed by the Company's auditors.

Copenhagen, 25 April 2024

Executive Board

Jens Kr. A. Møller
Managing Director &
CEO

Pernille Lohmann
Managing Director

Board of Directors

Vagn Hansen
Chairman

Carsten Levring Jakob-
sen
Vice Chairman

Claus Andersen

Ole Beith

Frank Mortensen

Lars Petersson

Jakob G. Hald

Lars Faber

Randi Holm Franke

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