

Interim report

H1 2024

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## DLR at a glance

DLR finances agricultural and commercial properties in collaboration with 42 nationwide and local financial institutions, which also constitute the majority of DLR's shareholder base. The business model is based on close daily interaction with advisors in the loan-mediating shareholder banks, which have branches in Denmark, the Faroe Islands, and Greenland. The shareholder banks own shares that generally correspond to their share of DLR's lending.

The loan mediating banks advise customers on DLR loans. They are familiar with the customer's financial situation and can provide the best individual advice. The bank is compensated for advisory services, loan mediation, customer care, and risk management of the mediated loans. The risk management, which includes providing guarantees and offsetting losses against commissions, ensures that any potential losses are generally borne by the bank that mediated the loan.

DLR's role is to appraise properties, assess creditworthiness, determine loan amounts, disburse and manage loans, and secure financing for DLR's loans through the issuance and sale of bonds, which are listed on the Copenhagen Stock Exchange (Nasdaq Copenhagen).

Additionally, DLR acts as a professional sounding board for advisors in the financial institutions, including in matters of sustainability and ESG (Environmental, Social, and Governance) issues. DLR also manages the administration and risk monitoring of the loan portfolio and supports the loan mediaries with system solutions for the collaboration process – including customer advising, applications, fixed-rate agreements, guarantees, restructuring, portfolio overview, ESG matters, etc.

# Financial highlights<sup>1</sup>

<b>Income statement, DKKm</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>Ratio 24/23</b>	<b>Q1 2024</b>	<b>Q4 2024</b>	<b>Q3 2023</b>	<b>Q2 2023</b>
Administration fee income	980	962	102	491	489	484	481
Other core income, net	41	46	90	19	22	26	19
Interest expenses, senior debt and subordinated debt	-54	-39	139	-28	-26	-26	-25
Fee and commission income, net	-298	-275	108	-138	-160	-137	-148
<b>Core income (mortgage credit income)</b>	<b>669</b>	<b>694</b>	<b>96</b>	<b>344</b>	<b>325</b>	<b>347</b>	<b>327</b>
Staff costs and administrative expenses, etc.	-190	-172	110	-95	-95	-97	-81
Other operating expenses	-8	-11	77	-3	-5	-5	-5
<b>Results from core activities</b>	<b>471</b>	<b>511</b>	<b>92</b>	<b>246</b>	<b>225</b>	<b>245</b>	<b>240</b>
Provision for loan and receivable impairment, etc.	-26	4		-21	-5	-3	1
Portfolio earnings (securities)	345	283		182	163	308	209
<b>Profit before tax</b>	<b>791</b>	<b>798</b>	<b>99</b>	<b>407</b>	<b>383</b>	<b>549</b>	<b>450</b>
<b>Profit after tax</b>	<b>585</b>	<b>600</b>	<b>97</b>	<b>301</b>	<b>284</b>	<b>410</b>	<b>336</b>

  

<b>Condensed Balance sheet at 30 June</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>Ratio 24/23</b>	<b>Q1 2024</b>	<b>Q4 2024</b>	<b>Q3 2023</b>	<b>Q2 2023</b>
<b>Assets</b>							
Loans and advances	186.339	174.030	107	186.339	184.247	181.961	174.485
Bonds and shares	7.826	8.466	92	7.826	8.980	7.829	8.048
Other assets	3.515	3.452	102	3.515	3.523	3.100	3.581
<b>Total assets</b>	<b>197.680</b>	<b>185.948</b>	<b>106</b>	<b>197.680</b>	<b>196.750</b>	<b>192.890</b>	<b>186.114</b>
<b>Liabilities and equity</b>							
Issued bonds	177.274	166.505	106	177.274	175.268	172.006	165.679
Other debt and payables	2.122	1.754	121	2.122	2.750	2.436	2.409
Subordinated debt	1.299	1.298	100	1.299	1.299	1.298	1.298
Equity	16.985	16.391	104	16.985	17.433	17.149	16.728
<b>Total liabilities and equity</b>	<b>197.680</b>	<b>185.948</b>	<b>106</b>	<b>197.680</b>	<b>196.750</b>	<b>192.890</b>	<b>186.114</b>

<sup>1</sup> 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.

<b>Financial ratios</b>	<b>H1 2024</b>	<b>H1 2023</b>	<b>Q2 2024</b>	<b>Q1 2024</b>	<b>Q4 2023</b>	<b>Q3 2023</b>
<b>Return on equity (ROE)</b>						
Profit before tax in pc of equity *	4.6%	2.6%	2.4%	2.2%	3.2%	2.7%
Profit after tax in pc of equity *	3.4%	1.9%	1.8%	1.6%	2.4%	2.1%
<b>Solvency</b>						
Capital ratio **	23.7%	24.1%	23.7%	24.0%	24.0%	23.6%
<b>Lending Activity</b>						
Growth in loan portfolio, pc (nominal) *	2.4%	1.0%	1.2%	1.2%	2.1%	0.2%
New loans, gross (DKKm)	13,528	13,172	6,373	7,155	8,468	6,259

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

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

# H1 2024 - Highlights

- DLR generated administration margin income of DKK 980m in H1 2024.
- Pre-tax profit amounted to DKK 791m.
- Profit was positively impacted by portfolio earnings of DKK 345m.
- Lending activities in H1 2024 were at the same level as in 2023. Gross lending was DKK 13.5bn.
- Net lending mounted to 4.6bn (nominal value) compared to DKK 3.4bn in H1 2023.
- For 2024, DLR still expects core earnings before impairment in the order of DKK 900 – 1,000m and a pre-tax profit of DKK 1,450 – 1,650m.

## CEO statement

In connection with the release of the interim report for the first half of 2024, CEO Jens Kr. A. Møller stated:

"DLR achieved a pre-tax profit of DKK 791 m in the first half of 2024. This is both satisfactory and better than budgeted. The result was influenced by slightly lower gross lending activity than expected, continued low losses and impairments, as well as high income from the securities portfolio.

Growth in lending developed satisfactorily in the first half of 2024. DLR thus achieved net lending of DKK 4.6 billion for the half-year. Growth in the loan portfolio over the past 12 months amounted to DKK 8.7 billion, corresponding to 4.7 pct., which can be attributed to all of DLR's main lending segments.

Credit quality among customers remained high throughout the first half of 2024. In the commercial sector, it was possible to maintain earnings despite the higher interest rate levels, thanks to rising rent levels and low vacancy rates. However, property prices are still considered to be under some pressure, as prices have not yet fully adjusted to the higher interest rates.

In the agricultural sector, customers also achieved satisfactory earnings. This was true for both dairy producers and pig producers overall. However, crop farmers achieved less satisfactory earnings in 2023/2024 due to less attractive terms of trade.

In the first half of 2024, agriculture made significant progress toward clarifying the upcoming CO<sub>2</sub> tax on the sector's biological processes – initially with the report from the Svarer Committee and then with the tripartite agreement on a Green Denmark. Under the tripartite agreement on a Green Denmark, a CO<sub>2</sub> tax on emissions from livestock is expected to be introduced between 2030 and 2035. At the same time, a land fund will be established with the aim of phasing out 140,000 hectares of low-lying land, including adjacent areas, by 2030, and establishing 250,000 hectares of new forest by 2045.

DLR assesses that the agricultural sector as a whole can manage the expected CO<sub>2</sub> tax but maintains its level of impairment losses to cover the economic uncertainty regarding the tax's impact on agriculture from previous quarters.

The loan-mediating financial institutions provide loss guarantees to DLR under the uniform guarantee concept. Effective from June 30, 2024, DLR adjusted the guarantee concept as part of an adaptation to upcoming capital adequacy regulations, which reduce the value of the guarantees. With the adjustment, the guarantee for both new and already disbursed loans is reduced from 6 pct. to 2 pct. of the outstanding loan balance. The cornerstone of the guarantee concept remains the ability to offset losses against commission payments to the financial institutions for up to ten years.

DLR maintains its expectations for a core profit before impairment in the range of DKK 900 million to DKK 1,000 million and a pre-tax profit in the range of DKK 1,450 million to DKK 1,650 million for the full year 2024."

Jens Kr. A. Møller

CEO





# Comments on the results for H1 2024

## Income statement

DLRs 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 H1 2024 is set out below.

Income statement, DKKm	H1 2024	H1 2023
Administration fee income	980	962
Other core income, net	41	46
Interest expenses subordinated debt	-22	-22
Interest expenses senior debt	-32	-16
Fee and commission income, net	99	115
Fee and commission income, loan intermediaries	-386	-381
Fee and commission income, other	-10	-10
<b>Core income (mortgage credit income)</b>	<b>669</b>	<b>694</b>
Staff costs and pension expenses	-132	-121
Administrative expenses	-57	-51
Other operating expenses	-8	-11
<b>Results from core activities before impairment</b>	<b>471</b>	<b>511</b>
Impairment of loans, advances and receivables	-26	4
Portfolio earnings (securities)	345	283
<b>Profit before tax</b>	<b>791</b>	<b>798</b>
Tax	-206	-197
<b>Profit after tax</b>	<b>585</b>	<b>600</b>

## Core earnings

Administration margin income amounted to DKK 980m, which was DKK 18m higher than in 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 41m in H1 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 99m, which was 16m lower than in the year-earlier period.

Fees and commissions paid – loan intermediaries 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 386m, which was DKK 5m higher than in the same period of 2023. In addition, there are various other commission expenses of DKK 10m.

This brought core income to DKK 669m, a decrease of DKK 25m relative to the same period of 2023.

Staff costs and administrative expenses, etc. amounted to DKK 189m, which is DKK 17m more than in the same period of 2023. 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.

Other operating expenses concerns DLR's contribution to the Resolution Fund, amounting to DKK 8m.

Impairment on loans, advances and receivables (profit impact) amounted to an expense of DKK 26m, while the item had a positive impact of DKK 4m in the same period of last year. The negative impact in the first half of 2024 is mainly due to the adjustment of the banks' guarantee, which is mentioned under the section risk factors. To the extent that additional write-downs resulting from the adjustment of the guarantee provision may lead to losses, the remaining guarantee provision, together with the right to offset losses, is still considered to cover DLR's risk.

#### **Portfolio earnings**

Portfolio earnings amounted to DKK 345m which is DKK 62m higher 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 791m against DKK 798m 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 206m.

Profit for the period after tax is subsequently DKK 585m.

**Balance sheet**

Mortgage lending at fair value amounted to DKK 186.3bn at the end of H1 2024, which was an increase of DKK 4.4bn relative to the end of 2023.

Bond holdings amounted to DKK 36.8bn (note 14). On this amount, the portfolio of DLR bonds amounted to DKK 29.0bn, which is netted in Issued bonds at fair value, while DKK 7.8bn was attributable to positions in government securities and other mortgage bonds.

In addition to the bond holding of DKK 36.8bn, DLR held other securities in the form of receivables of DKK 3.2bn from central banks and credit institutions and interest receivable on the bond portfolio. The total securities portfolio subsequently amounted to DKK 40.0bn (gross) at the end of H1 2024.

Of the total securities amount, temporary liquidity in connection with mortgage lending activity comprised DKK 16.1bn, leaving the investment holding at DKK 23.9bn.

DLR's total assets stood at DKK 197.7bn at the end of H1 2024.

# Capital and solvency

DLR's capital and solvency figures at the end of H1 2024 are shown in the table below.

	<b>30-Jun 2024</b>	<b>31-Dec 2023</b>
<b>Capital and solvency</b>		
Equity	16,985	17,149
Result etc. that cannot be recognised in tier 1 capital	-585	0
Deduction of proposed dividends	0	-750
Deduction of bond holdings secured by own shares	-279	-282
Deductions as a consequence of prudent valuation	-22	-23
Deductions as a consequence of non-performing exposures	-31	-11
Difference between expected losses and impairment losses	-33	-40
<b>Common equity tier 1 capital</b>	<b>16,034</b>	<b>16,044</b>
Subordinated capital (tier 2 capital)	1,299	1,298
Deductions from tier 2 capital	0	0
<b>Own funds</b>	<b>17,333</b>	<b>17,342</b>
Risk-weighted exposure with credit risk etc.	67,503	66,475
Risk-weighted exposure with market risk	2,662	2,682
Risk-weighted exposure with operational risk	3,001	3,001
<b>Total risk-weighted exposure</b>	<b>73,166</b>	<b>72,158</b>
<b>Common equity tier 1 capital ratio</b>	<b>21.9%</b>	<b>22.2%</b>
<b>Total capital ratio</b>	<b>23.7%</b>	<b>24.0%</b>

## Own funds

At 30 June 2024, own funds amounted to DKK 17.3bn. The profit for H1 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 73.2bn at 30 June 2024, which is DKK 1.0bn higher than at year-end 2023.

Weighted exposures with credit risk rose by DKK 1.0bn in H1 2024, primarily because of the higher loan portfolio.

Weighted exposures with market risk and weighted exposures with operational risk are at the same level as at year-end 2023.

### Capital ratios

DLR's total capital ratio was 23.7 pct. at 30 June 2024, compared to 24.0 pct. at end of 2023.

The common equity tier 1 capital ratio was 21.9 pct., compared to 22.2 pct. at end-2023.

If the profit for H1 2024 had been recognised, the total capital ratio would have been 24.5 pct. and the common equity tier 1 capital ratio would have been 22.7 pct.

### Capital target

In the annual report for 2023, it was stated that the capital target was 20 pct., and that this was based on both known and unknown requirements and could therefore be adjusted in H1 2024.

At the board meeting on 21 August 2024, DLR's board decided to adjust DLR's capital target to 23 pct., which takes into account, among other things, the introduction of the systemic buffer of 7 pct. on exposures aimed at real estate companies as well as the change in DLR's guarantee concept, which is discussed further in the section risk factors below.

## 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.

The guarantee from the cooperating banks has previously typically amounted to 6 pct. of the outstanding debt, which at the end of H1 2024 has been adjusted so that the guarantee instead amounts to 2 pct. of the outstanding debt. The reduced guarantee provision results in a limited increase in DLR's current write-down requirements. Should these additional write-downs lead to losses, the losses are expected to be covered as before through the guarantee and loss offsetting arrangement.

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:

<https://dlr.dk/investor/regnskaber-rapporter/>.

### **Arrears and forced sales**

At 30 June 2024, outstanding mortgage payments amounted to DKK 67m, 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 of 11 properties in H1 2024, against 3 in the same period of 2023.

DLR has 2 repossessed properties at 30 June with a total value of DKK 4m. DLR had no repossessed properties in the same period of 2023.

## Outlook for 2024

In the 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 H1 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 <https://dlr.dk/investor/regnskaber-rapporter/>, 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 H1 2024

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## Income statement and statement of comprehensive income (DKKm)

Note	H1 2024	H1 2023
<b>1</b> Interest income	4,000	3,094
<b>2</b> Interest expenses	-2,735	-1,910
<b>Net interest income</b>	<b>1,266</b>	<b>1,183</b>
Share dividends etc	0	0
Fees and commission income	99	115
Fees and commission paid	-397	-391
<b>Net interest and fee income</b>	<b>968</b>	<b>908</b>
<b>3</b> Market value adjustments	46	68
Other operating income	0	1
<b>4-5</b> Staff costs and administrative expenses	-188	-171
Depreciation and impairment of property, plant and equipment	-2	-1
Other operating expenses	-8	-11
<b>6</b> Impairment of loans, advances, receivables, etc.	-26	4
<b>Profit before tax</b>	<b>791</b>	<b>798</b>
Tax	-206	-197
<b>Profit after tax</b>	<b>585</b>	<b>600</b>
<b>Appropriation of profit</b>		
Transferred to undistributable reserve	9	9
Transferred to retained earnings	576	591
<b>Total amount appropriated</b>	<b>585</b>	<b>600</b>
<b>Statement of comprehensive income</b>		
Profit after tax	585	600
<b>Comprehensive income after tax</b>	<b>585</b>	<b>600</b>
Allocated to equity	585	600

## Balance sheet

(DKKm)

Note		30-Jun 2024	31-Dec 2023
	<b>Assets</b>		
	Cash balance and demand deposits with central banks	2,935	2,450
7	Due from credit institutions and central banks	190	183
8, 10-13	Loans, advances and other receivables at fair value	186,334	181,956
9	Loans, advances and other receivables at amortised cost	5	5
14	Bonds at fair value	7,780	7,783
	Shares etc.	46	46
15	Land and buildings, domicile properties	150	150
	Other property, plant and equipment	7	6
	Lease assets	0	0
	Assets held temporarily	4	0
16	Other assets	192	283
	Prepayments	37	28
	<b>Total assets</b>	<b>197,680</b>	<b>192,890</b>
	<b>Equity and liabilities</b>		
17	Issued bonds at fair value	172,281	168,011
18	Issued bonds at amortised cost	4,994	3,995
	Current tax liabilities	130	13
19	Other liabilities	1,957	2,400
	Deferred income	0	0
	<b>Total liabilities</b>	<b>179,362</b>	<b>174,419</b>
	Provisions for deferred tax	35	24
	<b>Total provisions</b>	<b>35</b>	<b>24</b>
	Subordinated debt	1,299	1,298
	<b>Total subordinated debt</b>	<b>1,299</b>	<b>1,298</b>
	Share capital	570	570
	Revaluation reserve	86	86
	Undistributable reserve	2,364	2,355
	Retained earnings etc.	13,964	13,388
	Proposed dividend	0	750
	<b>Total equity</b>	<b>16,985</b>	<b>17,149</b>
	<b>Total equity and liabilities</b>	<b>197,680</b>	<b>192,890</b>
20	<b>Off-balance sheet items</b>		
	Guarantees	0	0
	Contingent liabilities (loan offers, other contingent liabilities, etc.)	12,611	10,043
21	<b>Contingent assets</b>		
	Other contingent assets	0	0

## Statement of changes in equity

(DKKm)

	Share capital <sup>1)</sup>	Revaluation reserve	Undistributable reserve	Proposed dividend	Retained earnings	Total
<b>2023</b>						
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
Distribution of dividends	0	0	0	0	0	0
<b>Equity at 31 December</b>	<b>570</b>	<b>86</b>	<b>2,355</b>	<b>750</b>	<b>13,388</b>	<b>17,149</b>
<b>2024</b>						
Equity at 1 January	570	86	2,355	750	13,388	17,149
Profit for the year	0	0	9	0	576	585
Property revaluations	0	0	0	0	0	0
Tax on property revaluations	0	0	0	0	0	0
Distribution of dividends	0	0	0	-750	0	-750
<b>Equity at 30 June</b>	<b>570</b>	<b>86</b>	<b>2,364</b>	<b>0</b>	<b>13,964</b>	<b>16,985</b>

<sup>1)</sup> 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 30 June 2024, corresponding to a nominal value of DKK 46.1m (2023: DKK 46.1m). The portfolio of treasury shares represents 8.1 pct. (2023: 8.1 pct.) of the total share capital.

## Capital and solvency

(DKKm)

	30-Jun 2024	31-Dec 2023
<b>Capital and solvency (DKKm)</b>		
Equity	16,985	17,149
Result etc. that cannot be recognised in core capital	-585	0
Deduction of proposed dividends	0	-750
Deduction of bond holdings secured by own shares	-279	-282
Deductions as a consequence of prudent valuation	-22	-23
Deductions as a consequence of non-performing exposures	-31	-11
Difference between expected losses and impairment losses	-33	-40
<b>Common equity tier 1 capital</b>	<b>16,034</b>	<b>16,044</b>
Subordinated capital (tier 2 capital)	1,299	1,298
Deductions from tier 2 capital	0	0
<b>Own funds</b>	<b>17,333</b>	<b>17,342</b>
Risk-weighted exposure with credit risk etc.	67,503	66,475
Risk-weighted exposure with market risk	2,662	2,682
Risk-weighted exposure with operational risk	3,001	3,001
<b>Total risk-weighted exposure</b>	<b>73,166</b>	<b>72,158</b>
<b>Common equity tier 1 capital ratio</b>	<b>21.9%</b>	<b>22.2%</b>
<b>Total capital ratio</b>	<b>23.7%</b>	<b>24.0%</b>
<b>Statement of excess capital adequacy</b>		
Own funds after deductions	17,333	17,342
Capital adequacy	-6,818	-6,733
SIFI buffer	-732	-722
Capital conservation buffer	-1,829	-1,804
Countercyclical buffer	-1,829	-1,804
Systemic buffer Denmark (property companies)	-885	0
Systemic buffer Faroe Islands	-11	-11
Reserved debt buffer	0	-358
<b>Excess capital adequacy</b>	<b>5,228</b>	<b>5,911</b>

# Notes

## Notes - Income statement

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

## Notes - Assets

- 7 Due from credit institutions and central banks
- 8 Loans, advances and other receivables at fair value
- 9 Loans, advances and other receivables at amortised cost
- 10 Mortgage loans (nominal value) by property category
- 11 Number of loans - end of period
- 12 Impairment losses by stage
- 13 Impairment - other financial assets
- 14 Bonds at fair value
- 15 Land and buildings - domicile properties
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## Income statement

(DKKm)

Note		H1	H1
1	Interest income	2024	2023
	Due from credit institutions and central banks	10	6
	Positive interest loans and advances	2,850	1,985
	Contributions	980	962
	Bonds	388	290
	Other interest income	39	42
	<b>Total</b>	<b>4,268</b>	<b>3,285</b>
	Interest on own mortgage bonds offset against interest on issued bonds	-268	-191
	<b>Total</b>	<b>4,000</b>	<b>3,094</b>
	Of which interest income from reverse repo transactions	0	0

The interest income in 2024 is 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 loans at fair value are provided under the specific balance principle (match funding), the increased interest income is on issued bonds at fair value, matched by a corresponding increase in interest expenses on issued bonds at fair value.

2	Interest expenses	H1	H1
		2024	2023
	Credit institutions and central banks	0	0
	Issued bonds at fair value	-2,848	-1,987
	Issued bonds at amortised cost	-106	-74
	Subordinated debt	-48	-41
	Other interest expenses	0	0
	<b>Total</b>	<b>-3,002</b>	<b>-2,102</b>
	Interest on own mortgage bonds offset against interest on issued bonds	268	191
	<b>Total</b>	<b>-2,735</b>	<b>-1,910</b>
	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. Because DLR's issued bonds at fair value are granted under the specific balance principle (match funding), the increased interest expense on issued bonds at fair value is matched by a corresponding increase in interest income on loans at fair value.

Note		H1	H1
3	Market value adjustments	2024	2023
	Mortgage loans *	-161	732
	Bonds	46	87
	Shares etc.	0	1
	Foreign currency	0	0
	Derivative financial instruments **	1	-21
	Other assets	0	1
	Issued bonds *	160	-731
	<b>Total</b>	<b>46</b>	<b>68</b>

\* 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 loans and the issued mortgage bonds must be measured at fair value. The fair value of these items is calculated based on the prices of the listed bonds. This means that market value adjustment of mortgage loans and issued bonds can each amount to a relatively high amount, 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.

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

4	Staff costs and administrative expenses	H1	H1
		2024	2023
	Staff costs:		
	Salaries	-105	-96
	Pension costs	-10	-9
	Social security costs	-17	-16
	<b>Total</b>	<b>-132</b>	<b>-121</b>
	Other administrative expenses:		
	IT expenses	-27	-25
	Audit, financial supervision and industry association	-4	-5
	Other expenses	-25	-20
	<b>Total</b>	<b>-56</b>	<b>-50</b>
	<b>Total staff costs and administrative expenses</b>	<b>-188</b>	<b>-171</b>

DLR's remuneration policy is available at: [www.dlr.dk/om os/Governance](http://www.dlr.dk/om%20os/Governance)

<b>Note</b>		<b>H1</b>	<b>H1</b>
<b>5</b>	<b>Remuneration of members of the Executive Board</b>	<b>2024</b>	<b>2023</b>
	Fixed remuneration	4.2	4.0
	Variable remuneration	0.0	0.0
	<b>Total</b>	<b>4.2</b>	<b>4.0</b>
	Number of members of the Executive Board	2	2
<b>6</b>	<b>Impairment of loans, advances, receivables, etc.</b>	<b>H1</b>	<b>H1</b>
		<b>2024</b>	<b>2023</b>
	Losses in the period *	-4	2
	Amounts received on claims previously written off	1	1
	Adjustment of acquired properties	-2	0
	Impairment losses in the period	-67	-116
	Reversal of impairment losses	43	117
	Losses offset against commission payments to banks	3	0
	<b>Total</b>	<b>-26</b>	<b>4</b>



## Assets

(DKKm)

Note		30-Jun 2024	31-Dec 2023
<b>7</b>	<b>Due from credit institutions and central banks</b>		
	Due from credit institutions	190	183
	<b>Total</b>	<b>190</b>	<b>183</b>

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

<b>8</b>	<b>Loans, advances and other receivables at fair value</b>	30-Jun 2024	31-Dec 2023
	Mortgage loans, nominal value	193,859	189,303
	Adjustment to fair value of underlying bonds *	-7,197	-7,036
	Adjustment for credit risk	-390	-367
	<b>Mortgage loans at fair value</b>	<b>186,273</b>	<b>181,900</b>
	Arrears before impairment losses	67	61
	Other loans and outlays before impairment losses	1	0
	Impairment losses on arrears and outlays	-7	-5
	<b>Total</b>	<b>186,334</b>	<b>181,956</b>

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

Pursuant to the Danish Financial Supervisory Authority'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.

<b>9</b>	<b>Loans, advances and other receivables at amortised cost</b>	30-Jun 2024	31-Dec 2023
	Loans and advances	5	6
	Adjustment for credit risk	-1	-1
	<b>Total</b>	<b>5</b>	<b>5</b>



## Note

**12 Impairment losses by stage**

<b>Impairment of loans and advances at fair value and amortised cost</b>	<b>30 June 2024</b>			<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
Specification of impairment losses at the end of June:				
Loans and advances in stage 1 at beginning of year	24	14	0	<b>39</b>
Loans and advances in stage 2 at beginning of year	2	22	25	<b>48</b>
Loans and advances in stage 3 at beginning of year	0	0	63	<b>63</b>
New loans and advances	8	2	0	<b>10</b>
Management estimate	211	25	1	<b>237</b>
<b>Total</b>	<b>245</b>	<b>63</b>	<b>89</b>	<b>397</b>

DLR's total impairment losses at the end of June 2024 consisted of individual impairment losses of DKK 80m, model calculated impairment losses of DKK 80m and a management overlay of DKK 237m. In the Accounting policies, the methods that form the basis for calculating the impairment losses are explained in more detail.

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

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**

	30 June 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.

	30-Jun 2024	31-Dec 2023
<b>14 Bonds at fair value</b>		
Own mortgage bonds	29,047	20,946
Other mortgage bonds	6,634	6,715
Government bonds	1,146	1,069
<b>Bonds - gross</b>	<b>36,827</b>	<b>28,729</b>
Own mortgage bonds offset against issued bonds	-29,047	-20,946
<b>Total</b>	<b>7,780</b>	<b>7,783</b>

<b>Note</b>		<b>30-Jun</b>	<b>31-Dec</b>
<b>15</b>	<b>Land and buildings - domicile properties</b>	<b>2024</b>	<b>2023</b>
	Fair value, beginning of year	150.0	135.3
	Additions during the year	0.0	0.0
	Depreciation	-0.3	-0.4
	Value changes recognised in other comprehensive income	0.0	15.1
	<b>Fair value, end of year</b>	<b>149.8</b>	<b>150.0</b>

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

<b>16</b>	<b>Other assets</b>	<b>30-Jun</b>	<b>31-Dec</b>
		<b>2024</b>	<b>2023</b>
	Positive market value of derivative financial instruments etc.	14	38
	Interest and commission receivable	79	78
	Other receivables	99	167
	<b>Total</b>	<b>192</b>	<b>283</b>

Positive market value of derivative financial instruments consists of forward transactions and market value adjustment of pre-issued bonds with a positive market value. These transactions are a direct consequence of DLR's refinancing of mortgage loans.

## Equity and liabilities

(DKKm)

Note		30-Jun 2024	31-Dec 2023
<b>17</b>	<b>Issued bonds at fair value</b>		
	Mortgage bonds - nominal value	208,487	196,109
	Fair value adjustment	-7,159	-7,151
	<b>Issued bonds - gross</b>	<b>201,328</b>	<b>188,957</b>
	Offsetting of own mortgage bonds - fair value	-29,047	-20,946
	<b>Total</b>	<b>172,281</b>	<b>168,011</b>
	Of which pre-issued, market value	12,585	4,172
	Cash value of bonds drawn for redemption at next repayment date (settlement price)	13,800	832

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

Pursuant to the Danish Financial Supervisory Authority'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 use of the specific balance principle means the net effect was close to DKK 0m both in all financial years.

Note		30-Jun 2024	31-Dec 2023
<b>18</b>	<b>Issued bonds at amortised cost *</b>		
	Issues in connection with senior debt	4,994	3,995
	Offsetting of own bonds	0	0
	<b>Total</b>	<b>4,994</b>	<b>3,995</b>

\* Of the issued bonds at amortised cost, an issue of DKK 1.0bn, mature at 1 July 2024, after which issued bonds at amortised cost amount to DKK 4.0bn.

Note		30-Jun 2024	31-Dec 2023
<b>19</b>	<b>Other liabilities</b>		
	Negative market value of derivative financial instruments etc. *	10	19
	Interest and commission payable	1,789	2,224
	Other liabilities	158	157
	<b>Total</b>	<b>1,957</b>	<b>2,400</b>

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

Note

30-Jun

31-Dec

<b>20</b>	<b>Off-balance sheet items - guarantees etc.</b>	<b>2024</b>	<b>2023</b>
	Financial guarantees	0.2	0.2
	<b>Total</b>	<b>0.2</b>	<b>0.2</b>
	<b>Other contingent liabilities</b>		
	Irrevocable credit commitments (loan offers)	12,611	10,043
	<b>Total</b>	<b>12,611</b>	<b>10,043</b>

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-mediating shareholder bank. Under these agreements, DLR may offset any loss incurred due to loans facilitated by the bank in question 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 - H1	2024	2023	2022	2021	2020
	<b>Income statement</b>					
	Net interest and fee income	968	908	729	715	723
	Other operating income etc.	0	1	8	11	13
	Staff costs and administrative expenses etc.	-198	-183	-173	-167	-151
	<b>Earnings</b>	<b>770</b>	<b>726</b>	<b>564</b>	<b>559</b>	<b>585</b>
	Impairment of loans, advances and re- ceivables	-26	4	-7	74	-57
	Market value adjustments	46	68	-195	-59	-85
	<b>Profit before tax</b>	<b>791</b>	<b>798</b>	<b>362</b>	<b>574</b>	<b>443</b>
	<b>Profit after tax</b>	<b>585</b>	<b>600</b>	<b>282</b>	<b>448</b>	<b>345</b>
	<b>Balance sheet</b>					
	<b>Assets</b>					
	Loans and advances	186,339	174,030	169,289	170,712	160,634
	Bonds, shares, etc.	7,826	8,466	7,706	8,825	10,488
	Other assets	3,515	3,452	2,813	2,987	2,121
	<b>Total assets</b>	<b>197,680</b>	<b>185,948</b>	<b>179,807</b>	<b>182,524</b>	<b>173,243</b>
	<b>Equity and liabilities</b>					
	Issued bonds	177,274	166,505	161,868	165,316	157,266
	Other liabilities	2,122	1,754	1,287	1,278	912
	Subordinated debt	1,299	1,298	1,300	1,300	1,300
	Equity	16,985	16,391	15,353	14,631	13,766
	<b>Total equity and liabilities</b>	<b>197,680</b>	<b>185,948</b>	<b>179,807</b>	<b>182,524</b>	<b>173,243</b>



Note		2024	2023	2022	2021	2020
<b>23</b>	<b>Financial ratios H1</b>					
	<b>Return on equity</b>					
	Profit before tax in per cent of equity *	4.6	5.0	2.4	4.0	3.3
	Profit after tax in per cent of equity *	3.4	3.7	1.9	3.1	2.6
	<b>Return on capital employed</b>					
	Return on capital employed *	0.3	0.3	0.2	0.3	0.2
	<b>Costs</b>					
	Costs in per cent of loan portfolio	0.1	0.1	0.1	0.1	0.1
	Income/cost ratio *	4.5	5.5	3.0	7.2	3.1
	Income/cost ratio, excl. impairment losses	5.1	5.3	3.1	4.0	4.3
	<b>Solvency</b>					
	Total capital ratio *	23.7	23.5	21.1	18.0	17.1
	Tier 1 capital ratio *	21.9	21.7	19.4	16.5	15.5
	Common equity tier 1 capital ratio *	21.9	21.7	19.4	16.5	15.5
	<b>Arrears and impairment losses</b>					
	Arrears, end of period (DKKm)	67	60	62	65	87
	Impairment ratio for the period *	0.01	0.00	0.00	-0.04	0.04
	Accumulated impairment ratio	0.20	0.21	0.23	0.25	0.30
	<b>Lending activity</b>					
	Growth in loan portfolio, per cent (nominal) *	2.4	1.9	2.1	4.1	2.7
	New loans, gross (DKKm)	13,528	13,172	22,008	18,314	17,563
	Number of new loans	3,257	3,547	6,009	5,772	5,441
	Loan/equity ratio *	11.0	10.6	11.0	11.7	11.7
	<b>Margins</b>					
	Percentage of average loan portfolio (nominal):					
	Profit before tax	0.41	0.43	0.20	0.34	0.28
	Administration margin income	0.51	0.52	0.53	0.53	0.55
	<b>Percentage of tier 1 capital after deductions</b>					
	Foreign exchange position as a percentage of tier 1 capital after deductions	1.7	2.4	1.2	1.8	2.4

\* 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" H1 2024

	Core earnings	Portfolio earnings	Total
Interest income *	3,702	298	4,000
Interest expenses	-2,735		-2,735
<b>Net interest income</b>	<b>968</b>	<b>298</b>	<b>1,266</b>
Share dividends etc.	0		0
Fees and commission received	99		99
Fees and commission paid	-397		-397
<b>Net interest and fee income</b>	<b>670</b>	<b>298</b>	<b>968</b>
Market value adjustments	-1	47	46
Other operating income	0		0
Staff costs and administrative expenses	-188		-188
Depreciation and impairment of property, plant and equipment	-2		-2
Other operating expenses	-8		-8
Impairment of loans, advances, receivables, etc.	-26		-26
<b>Profit before tax</b>	<b>445</b>	<b>346</b>	<b>791</b>
Tax	-116	-90	-206
<b>Profit after tax</b>	<b>330</b>	<b>256</b>	<b>585</b>

\* Interest income from portfolio earnings represents net earnings that only includes the part of the bond yield that corresponds to a return in addition to an internal net interest rate. This cannot directly be reconciled with note 1.

Note	<b>Supervisory diamond for mortgage credit institutions, pct.</b>		
25	H1 2024	Q1 2024	Threshold
<b>1. Lending growth</b>			
Private homeowners	0.9	1.4	<15%
Residential rental property	6.6	5.2	<15%
Agriculture	3.2	3.2	<15%
Other business lending	7.2	6.8	<15%
<b>2. Borrower interest-rate risk</b>	22.9	24.9	<25%
<b>3. Interest-only lending to private home owners</b>	1.2	1.0	<10%
<b>4. Loans with short-term funding (quarterly)</b>			
Q2 2023	2.8	10.4	<12,5%
Q3 2023	2.3	2.8	<12,5%
Q4 2023	0.2	2.3	<12,5%
Q1 2024	6.5	0.2	<12,5%
<b>Loans with short-term funding annually *</b>	<b>11.6</b>	<b>15.4</b>	<b>&lt;25%</b>
<b>5. Large exposures</b>	51.2	41.3	<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 tally with the sum of the percentage in the individual quarters

# Management's statement

The Board of Directors and Executive Board have today reviewed and approved the interim report for the period January 1 - June 30, 2024, for DLR Kredit A/S.

The interim report has been prepared in accordance with legal requirements, including the Financial Business Act and the accounting regulations of the Danish Financial Supervisory Authority for mortgage credit institutions, as well as the requirements that Nasdaq Copenhagen imposes on the financial reporting of issuers of listed bonds.

In our opinion, the management's report provides a fair and accurate account of the matters covered in the report, as well as a description of the principal risks and uncertainties that the company may be affected by.

We consider the chosen accounting policies to be appropriate, ensuring that the interim financial statements give a true and fair view of the company's assets, liabilities, and financial position as of June 30, 2024, as well as the results of the company's activities for the period January 1 – June 30, 2024. The financial statements have not been subject to audit or review by the Company's auditor.

Copenhagen, August 21, 2024

## Executive Board

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

Pernille Lohmann  
*Managing Director*

## Board of

Vagn Hansen  
*Chairman*

Carsten Levring Jakobsen  
*Vice Chairman*

Claus Andersen

Ole Beith

Frank Mortensen

Lars Petersson

Stig Westergaard

Jakob G. Hald

Lars Faber

Randi Holm Franke

# dlr·kredit

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