

Interim report

Q1-Q3 2024

Contents

Management review	3
Financial highlights	4
Q1-Q3 2024 - Highlights	6
CEO statement	7
Comments on the results for Q1-Q3 2024	9
Capital and solvency	12
Risk factors	13
Outlook for 2024	14
Accounting policies	14
Events after the balance sheet date	15
Additional information	15
Contacts	15
Financial statements Q1-Q3 2024	16
Management's statement	36



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 generally do not impact DLR.

DLR's role is to appraise properties, assess creditworthiness, determine loan amounts, disburse and manage loans, and secure funding 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 regarding real estate financing 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-mediating banks with system solutions for the collaboration process – including customer advising, applications, fixed-price agreements, guarantees, remortgaging, portfolio overview, ESG matters, etc.

Financial highlights¹

	Q1-Q3 2024	Q1-Q3 2023	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Income statement, DKKm						
Administration margin income	1,471	1,443	492	491	489	484
Other core income, net	63	65	21	19	22	26
Interest expenses, senior debt and subordinated debt	-83	-63	-29	-28	-26	-26
Fee and commission income, net	-449	-423	-151	-138	-160	-137
Core income (mortgage credit income)	1,002	1,021	333	344	325	347
Staff costs and administrative expenses, etc.	-281	-253	-91	-95	-95	-97
Other operating expenses	-13	-16	-4	-3	-5	-5
Results from core activities	709	751	237	246	225	245
Impairment of loans, advances and receivables	-27	4	-1	-21	-5	-3
Portfolio earnings	634	492	288	182	163	308
Profit before tax	1,315	1,248	525	407	383	549
Profit after tax	973	937	388	301	284	410
Balance sheet at 30 September						
Assets						
Loans and advances	190,289	174,485	190,289	186,339	184,247	181,396
Bonds and shares	9,165	8,048	9,165	7,826	8,398	7,382
Other assets	3,843	3,581	3,843	3,515	3,523	3,100
Total assets	203,298	186,114	203,298	197,680	196,750	192,890
Liabilities and equity						
Issued bonds	181,942	165,679	181,942	177,274	175,268	172,006
Other debt and payables	2,684	2,409	2,684	2,122	2,750	2,436
Subordinated debt	1,299	1,298	1,299	1,299	1,299	1,298
Equity	17,373	16,728	17,373	16,985	17,433	17,149
Total liabilities and equity	203,298	186,114	203,298	197,680	196,750	192,890

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-Q3 2024	Q1-Q3 2023	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Return on equity (ROE)						
Profit before tax in pct. of equity *	7.6%	7.7%	3.0%	2.4%	2.2%	3.2%
Profit after tax in pct. of equity *	5.6%	5.8%	2.2%	1.8%	1.6%	2.4%
Solvency						
Capital ratio **	23.2%	23.6%	23.2%	23.7%	24.0%	24.0%
Lending Activity						
Growth in loan portfolio, pct. (nominal) *	3.2%	2.0%	0.8%	1.2%	1.2%	2.1%
New loans, gross (DKKm)	20,097	19,431	6,569	6,373	7,155	8,468

* 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 period's result, as the financial statements have not been subject to an audit review.

Q1-Q3 2024 - Highlights

- DLR generated administration margin income of DKK 1,471m in Q1-Q3 2024.
- Pre-tax profit amounted to DKK 1,315m.
- Profit was positively impacted by portfolio earnings of DKK 634m.
- Gross lending activities in Q1-Q3 2024 were at the same level as in 2023. Gross lending amounted to DKK 20.1bn (nominal value).
- Net lending mounted to 6.0bn (nominal value) compared to DKK 3.7bn in Q1-Q3 2023.
- For 2024, DLR has raised its expectations for the pre-tax profit, now forecasting a profit in the range of DKK 1,650m–1,750m.

CEO statement

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

“DLR generated a pre-tax profit of DKK 1,315m for the first three quarters of the year. The performance is satisfactory and ahead of budget. On the basis of the results, DLR upgrades its full-year pre-tax profit guidance from DKK 1,450m–1,650m to DKK 1,650m–1,750m.

In the first three quarters of the year, lending increased by DKK 6.0bn in nominal terms which is satisfactory and ahead of budget. By comparison, lending in the first three quarters of 2023 increased by DKK 3.7bn, nominally. Furthermore, we are satisfied to see lending growth in all of DLR's three principal segments; full-time farms, residential rental and office and retail. Amounting to DKK 20.1bn, gross lending developed in line with the first three quarters of 2023.

Customer credit quality has remained high in 2024 to date. In the first three quarters of the year, DLR recognised impairment losses totalling DKK 27m against reversals of DKK 4m in the same period of 2023. However, the impairment losses were mainly attributable to the adjustment of DLR's guarantee concept, which entered into force at the end of the second quarter. The adjustment entailed a reduction of the direct guarantee from 6 pct. to 2 pct. for the vast majority of loans in DLR's portfolio, which resulted in a limited need for additional impairment losses. DLR Assesses that the adjusted guarantee concept will effectively provide DLR with the same protection against losses as before.

DLR's customers maintained healthy earnings in the first three quarters of the year. In the commercial property area, earnings remain supported by low vacancy rates and rising rent levels. For agricultural customers, earnings are supported by satisfactory terms of trade, especially for dairy and piglet farmers. Following the conclusion of the Green Tripartite Agreement before the summer break the political negotiations for a Green Denmark continue, DLR still believes that the agricultural sector as a whole will be able to cope with the upcoming carbon levy on biological processes in agriculture.

The satisfactory development in DLR's pre-tax profit is driven, in particular, by DLR's portfolio earnings. DLR's securities portfolio is placed primarily in mortgage bonds; either short-term floating-rate bonds or short-term fixed-rate bonds. In the first three quarters of 2024, DLR recorded higher interest income due to generally higher interest rates, while at the same time realising capital gains due to falling interest rates, particularly at the short end of the yield curve towards the end of the period. However, the drop in interest rates will reduce future interest income on the securities portfolio.

On the basis of the results for the first three quarters of the year, DLR upgrades its full-year profit guidance for 2024. In the annual report for 2023, DLR guided for core earnings before impairment in the order of DKK 900m–1,000m and a pre-tax profit in the range of DKK 1,450m–1,650m for the full year 2024. DLR revises this guidance to a pre-tax profit for 2024 of DKK 1,650m–1,750m, while maintaining its guidance for core earnings before impairment in the range of DKK 900m–1,000m for 2024."

Jens Kr. A. Møller

CEO



Comments on the results for Q1-Q3 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-Q3 2024 is set out below.

Income statement, DKKm	Q1-Q3 2024	Q1-Q3 2023
Administration margin income	1,471	1443
Other core income, net	63	65
Interest expenses subordinated debt	-34	-34
Interest expenses senior debt	-49	-30
Fee and commission income, net	147	163
Fee and commission income, loan intermediaries	-580	-572
Fee and commission income, other	-16	-14
Core income (mortgage credit income)	1,002	1,021
Staff costs and pensions expenses	-197	-176
Administrative expenses	-84	-77
Other operating expenses	-13	-16
Results from core activities	709	751
Provision for loan and receivable impairment, etc.	-27	4
Portfolio earnings	634	492
Profit before tax	1,315	1,248
Tax	-342	-311
Profit after tax	973	937

Core earnings

Administration margin income amounted to DKK 1,471m, which was DKK 28m 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 various other income. This income amounted to DKK 63m in Q1-Q3 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 147m, 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 580m, which was DKK 8m higher than in the same period of 2023. In addition, various other commission expenses amounted to DKK 16m.

This brought core income to DKK 1,002m, a decrease of DKK 19m relative to the same period of 2023.

Staff costs and administrative expenses, etc. amounted to DKK 281m, which is DKK 28m 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 13m.

Impairment on loans, advances and receivables (profit impact) amounted to an expense of DKK 27m, while the item had a positive impact of DKK 4m in the same period of last year. The negative impact in the first three quarters 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 634m, which is DKK 142m 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, as well as in short-term fixed-rate mortgage bonds.

Profit and allocation of comprehensive income

Profit before tax for the period was DKK 1,315m, against DKK 1,248m 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 342m.

Profit for the period after tax is subsequently DKK 973m.

Balance sheet

Mortgage lending at fair value amounted to DKK 190.3bn at the end of Q3 2024, which was an increase of DKK 8.3bn relative to the end of 2023.

Bond holdings amounted to DKK 29.8bn (note 14). Of this amount, the portfolio of DLR bonds amounted to DKK 20.7bn, which is netted in Issued bonds at fair value, while DKK 9.1bn was attributable to positions in government securities and other mortgage bonds.

In addition to the bond holding of DKK 29.8bn, 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 33.0bn (gross) at the end of Q3 2024.

Of the total securities amount, temporary liquidity in connection with mortgage lending activity comprised DKK 9.5bn, leaving the investment holding at DKK 23.5bn.

DLR's total assets stood at DKK 203.3bn at the end of Q3 2024.

Capital and solvency

DLR's capital and solvency figures at the end of Q3 2024 are shown in the table below.

	30-Sep 2024	31-Dec 2023
Capital and solvency (DKKm)		
Equity	17,373	17,149
Result etc. that cannot be recognised in core capital	-973	0
Deduction of proposed dividends	0	-750
Deduction of bond holdings secured by own shares	-286	-282
Deductions as a consequence of prudent valuation	-25	-23
Deductions as a consequence of non-performing exposures	-37	-11
Difference between expected losses and impairment losses	-33	-40
Common equity tier 1 capital	16,019	16,044
Subordinated capital (tier 2 capital)	1,299	1,298
Own funds	17,318	17,342
Risk-weighted exposure with credit risk etc.	69,445	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	74,703	72,158
Common equity tier 1 capital ratio	21.4%	22.2%
Total capital ratio	23.2%	24.0%

Own funds

At 30 September 2024, own funds amounted to DKK 17.3bn. The profit for Q1-Q3 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 74.7bn at 30 September 2024, which is DKK 2.6bn higher than at year-end 2023.

Weighted exposures with credit risk rose by DKK 2.6bn in Q1-Q3 2024, primarily because of the higher loan portfolio.

Weighted exposures with market risk decreased by DKK 0.4bn, which is due to a significant portion of DLR's securities portfolio being invested in RT short bonds, which are interest-reset at the end of June and December, respectively. This means that the duration is lower after both Q1 and Q3, compared to after Q2 and Q4. The risk-weighted exposures with operational risk remain at the same level as at the end of 2023.

Capital ratios

DLR's total capital ratio was 23.2 pct. at 30 September 2024, compared to 24.0 pct. at end of 2023.

The common equity tier 1 capital ratio was 21.4 pct., compared to 22.2 pct. at end-2023.

If the profit for Q1-Q3 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

DLR's capital target is 23 pct. This target takes into account the new capital requirements (CRR3), which will come into effect in early 2025.

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 was adjusted so that the guarantee instead amounts to 2 pct. of the outstanding debt. The reduced guarantee provision results in a small increase in DLR's current write-down requirements. Should these additional write-downs lead to losses, the losses are expected to be covered through the guarantee and loss-offsetting arrangement, as has previously been the case.

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 September 2024, outstanding mortgage payments amounted to DKK 64m, 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 17 properties in Q1-Q3 2024, against four in the same period of 2023. The loss on the 17 loss-making properties amount to a total of DKK 7.6m.

DLR has no repossessed properties at 30 September 2024. DLR had no repossessed properties in the same period of 2023.

Outlook for 2024

In 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.

These expectations are adjusted, with the pre-tax profit for the full year of 2024 now expected to be between DKK 1,650m and 1,750m, while the guidance for core earnings before impairment is maintained at between DKK 900m and 1,000m for 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.

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Financial statements Q1-Q3 2024

Income statement and statement of comprehensive income	17
Balance sheet	18
Statement of changes in equity	19
Capital and solvency	20

Income statement and statement of comprehensive income (DKK m)

Note		Q1-Q3 2024	Q1-Q3 2023
1	Interest income	5,968	4,954
2	Interest expenses	-4,080	-3,143
	Net interest income	1,888	1,811
	Share dividends etc.	0	0
	Fees and commission income	147	163
	Fees and commission paid	-596	-586
	Net interest and fee income	1,440	1,388
3	Market value adjustments	196	125
	Other operating income	0	1
4-5	Staff costs and administrative expenses	-279	-252
	Depreciation and impairment of property, plant and equipment	-2	-1
	Other operating expenses	-13	-16
6	Impairment of loans, advances, receivables, etc.	-27	4
	Profit before tax	1,315	1,248
	Tax	-342	-311
	Profit after tax	973	937
	Appropriation of profit		
	Distribution of dividends	0	0
	Transferred to undistributable reserve	13	9
	Transferred to retained earnings	960	928
	Total amount appropriated	973	937
	Statement of comprehensive income		
	Profit after tax	973	937
	Comprehensive income after tax	973	937
	Allocated to equity	973	937

Balance sheet

(DKKm)

Note		30-Sep 2024	31-Dec 2023
	Assets		
	Cash balance and demand deposits with central banks	2,957	2,450
7	Due from credit institutions and central banks	190	183
8, 10-13	Loans, advances and other receivables at fair value	190,284	181,956
9	Loans, advances and other receivables at amortised cost	5	5
14	Bonds at fair value	9,119	7,783
	Shares etc.	46	46
15	Land and buildings (domicile properties)	150	150
	Other property, plant and equipment	6	6
16	Other assets	510	283
	Prepayments	30	28
	Total assets	203,298	192,890
	Equity and liabilities		
17	Issued bonds at fair value	177,948	168,011
18	Issued bonds at amortised cost	3,994	3,995
	Current tax liabilities	264	13
19	Other liabilities	2,382	2,400
	Deferred income	0	0
	Total liabilities	184,589	174,419
	Provisions for deferred tax	37	24
	Total provisions	37	24
	Subordinated debt	1,299	1,298
	Total subordinated debt	1,299	1,298
	Share capital	570	570
	Revaluation reserve	86	86
	Undistributable reserve	2,368	2,355
	Retained earnings etc.	14,348	13,388
	Proposed dividend	0	750
	Total equity	17,373	17,149
	Total equity and liabilities	203,298	192,890
20	Off-balance sheet items		
	Guarantees	0	0
	Contingent liabilities (loan offers, other contingent liabilities, etc.)	12,796	10,043
21	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
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	13	0	960	973
Distribution of dividends	0	0	0	-750	0	-750
Equity at 30 September	570	86	2,368	0	14,348	17,373

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 30 September 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. In addition, there is a portfolio of bonds secured by own shares with a market value of DKK 286m.

Capital and solvency

(DKKm)

	30-Sep 2024	31-Dec 2023
Equity	17,373	17,149
Result etc. that cannot be recognized in core capital	-973	0
Deduction of proposed dividends	0	-750
Deduction of bond holdings secured by own shares	-286	-282
Deductions as a consequence of prudent valuation	-25	-23
Deductions as a consequence of non-performing exposures	-37	-11
Difference between expected losses and impairment losses	-33	-40
Common equity tier 1 capital	16,019	16,044
Subordinated capital (tier 2 capital)	1,299	1,298
Own funds	17,318	17,342
Risk-weighted exposure with credit risk etc.	69,445	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	74,703	72,158
Common equity tier 1 capital ratio	21.4%	22.2%
Total capital ratio	23.2%	24.0%
Statement of excess capital adequacy		
Own funds after deductions	17,318	17,342
Capital adequacy	-6,982	-6,733
SIFI buffer	-747	-722
Capital conservation buffer	-1,868	-1,804
Countercyclical buffer	-1,868	-1,804
Systemic buffer Denmark (property companies)	-913	0
Systemic buffer Faroe Islands	-12	-11
Reserved debt buffer	0	-358
Excess capital adequacy	4,928	5,911

Notes

Notes - Income statement

- 1 Interest income
- 2 Interest expenses
- 3 Market value adjustments
- 4 Staff costs and administrative expenses
- 5 Remuneration of 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
- 16 Other assets

Notes - Equity and liabilities

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

Notes - Key figures and financial ratios

- 22 Key figures - Q1-Q3
- 23 Financial ratios Q1-Q3

Notes - Other notes

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

Income statement

(DKKm)

Note		Q1-Q3	Q1-Q3
1	Interest income	2024	2023
	Due from credit institutions and central banks	12	9
	Positive interest loans and advances	4,251	3,285
	Contributions	1,471	1,443
	Bonds	572	486
	Other interest income	57	61
	Total	6,363	5,283
	Interest on own mortgage bonds offset against interest on issued bonds	-395	-329
	Total	5,968	4,954
	Of which interest income from reverse repo transactions	0	0

Interest income has increased in 2024 due to higher average interest rates in 2024. As a consequence of DLR's mortgage loans at fair value being granted under the specific balance principle (match funding), the increased interest income from mortgage loans at fair value is offset by a corresponding rise in interest expenses on issued bonds at fair value. See note 2.

2	Interest expenses	Q1-Q3	Q1-Q3
		2024	2023
	Issued bonds at fair value	-4,245	-3,284
	Issued bonds at amortised cost	-159	-123
	Subordinated debt	-71	-65
	Other interest expenses	0	0
	Total	-4,475	-3,472
	Interest on own mortgage bonds offset against interest on issued bonds	395	329
	Total	-4,080	-3,143
	Of which interest expenses on repo transactions	0	0

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

Interest expenses have increased in 2024 due to higher average interest rates in 2024. As a consequence of DLR's issued bonds at fair value being granted under the specific balance principle (match funding), the increased interest expense on bonds at fair value is offset by a corresponding rise in interest income from loans at fair value, see note 1.

Note		Q1-Q3	Q1-Q3
3	Market value adjustments	2024	2023
	Mortgage loans *	2,347	865
	Bonds	215	119
	Shares etc.	0	1
	Foreign currency	0	1
	Derivative financial instruments **	-20	3
	Other assets	0	1
	Issued mortgage bonds *	-2,347	-865
	Total	196	125

* DLR's Mortgage loans and the corresponding Issued mortgage bonds are granted under the specific balance principle. According to the Danish Financial Supervisory Authority's executive order on the presentation of financial statements, both the mortgage loan 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 value adjustment of mortgage loans and issued bonds can each represent relatively high amounts, but the application of the specific balance principle, however, means that the net value adjustment of mortgage loans and issued bonds will be close to DKK 0.

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

		Q1-Q3	Q1-Q3
4	Staff costs and administrative expenses	2024	2023
	Staff costs		
	Salaries	-156	-140
	Pension costs	-15	-14
	Social security costs	-26	-23
	Total	-197	-176
	Other administrative expenses		
	IT expenses	-38	-37
	Audit, financial supervision and industry association	-9	-8
	Other expenses	-35	-30
	Total	-81	-75
	Total staff costs and administrative expenses	-279	-252

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

Note		Q1-Q3 2024	Q1-Q3 2023
5	Remuneration of members of the Executive Board		
	Fixed remuneration	6.3	6.0
	Variable remuneration	0.0	0.0
	Total	6.3	6.0
	Number of members of the Executive Board	2	2
6	Impairment of loans, advances, receivables, etc.		
	Losses in the period *	-6	1
	Amounts received on claims previously written off	1	2
	Adjustment of acquired properties	-2	0
	Impairment losses in the period	-87	-125
	Reversal of impairment losses	61	126
	Losses offset against commission payments to banks	5	1
	Total	-27	4

* The reason that the accounting item Losses in the period represents an income in 2023 was that realised losses for specific properties proved to be lower than originally assumed, which therefore leads to an income when the case is finalised.

Assets

(DKKm)

Note		30-Sep 2024	31-Dec 2023
7	Due from credit institutions and central banks		
	Due from credit institutions	190	183
	Total amount due from credit institutions and central banks	190	183

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

		30-Sep 2024	31-Dec 2023
8	Loans, advances and other receivables at fair value		
	Mortgage loans, nominal value	195,305	189,303
	Adjustment to fair value of underlying bonds *	-4,689	-7,036
	Adjustment for credit risk	-391	-367
	Mortgage loans at fair value	190,225	181,900
	Arrears before impairment losses	64	61
	Other loans and outlays before impairment losses	3	0
	Impairment losses on arrears and outlays	-8	-5
	Total	190,284	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 (assets) and the issued mortgage bonds (liability) 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 0 in all financial years.

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

Note

12 Impairment losses by stage

Impairment of loans and advances at fair value and amortised cost	30 September 2024			Total
	Stage 1	Stage 2	Stage 3	
Specification of impairment losses at the end of September:				
Loans and advances in stage 1 at beginning of year	23	17	1	41
Loans and advances in stage 2 at beginning of year	2	20	36	57
Loans and advances in stage 3 at beginning of year	0	0	58	59
–New loans and advances	10	4	0	14
Management estimate	201	25	1	228
Total	236	66	96	399

DLR's total impairment losses at the end of Q3 2024 consisted of individual impairment losses of DKK 88m, model calculated impairment losses of DKK 83m and a management overlay of DKK 228m. In the accounting policies section of Annual Report 2023, 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			Total
	Stage 1	Stage 2	Stage 3	
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 section of Annual Report 2023, 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 September 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 have been credit-impaired on initial recognition were recognised in 2023 or 2024.

14	Bonds at fair value	30-Sep	31-Dec
		2024	2023
	Own mortgage bonds	20,675	20,946
	Other mortgage bonds	7,959	6,715
	Government bonds	1,160	1,069
	Bonds - gross	29,794	28,729
	Own mortgage bonds offset against issued bonds	-20,675	-20,946
	Total	9,119	7,783

Note		30-Sep	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	-0.4	-0.4
	Value changes recognised in other comprehensive income	0.0	15.1
	Fair value, end of year	149.6	150.0

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

		30-Sep	31-Dec
16	Other assets	2024	2023
	Positive market value of derivative financial instruments etc.	47	38
	Interest and commission receivable	99	78
	Other receivables	364	167
	Total	510	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. These transactions are a direct consequence of DLR's refinancing of mortgage loans.

Equity and liabilities

(DKKm)

Note		30-Sep 2024	31-Dec 2023
17	Issued bonds at fair value		
	Mortgage bonds - nominal value	203,515	196,109
	Fair value adjustment	-4,893	-7,151
	Issued bonds - gross	198,623	188,957
	Offsetting of own mortgage bonds - fair value	-20,675	-20,946
	Total	177,948	168,011
	Of which pre-issued, market value	5,004	4,172
	Cash value of bonds drawn for redemption at next repayment date (settlement price)	905	832

DLR's mortgage loans and the corresponding issued mortgage bonds are granted under the specific balance principle. Both the mortgage loans (assets) and the issued mortgage bonds (liabilities) must, according to the Danish Financial Supervisory Authority's accounting regulations, be measured at fair value. The fair value of these items is based on the bond prices of the listed issued bonds. However, the application of the specific balance principle results in the operational net effect being close to DKK 0 in all financial years.

		30-Sep 2024	31-Dec 2023
18	Issued bonds at amortised cost		
	Issues in connection with senior debt	3,994	3,995
	Offsetting of own bonds	0	0
	Total	3,994	3,995

		30-Sep 2024	31-Dec 2023
19	Other liabilities		
	Negative market value of derivative financial instruments etc.	32	19
	Interest and commission payable	2,065	2,224
	Other liabilities	286	157
	Total	2,382	2,400

The negative market value of derivative financial instruments consists of forward contracts and the fair value adjustment on pre-issued bonds with a negative market value.

Note		30-Sep	31-Dec
20	Off-balance sheet items - guarantees etc.	2024	2023
	Financial guarantees	0.2	0.0
	Total	0.2	0.0
	Other contingent liabilities		
	Irrevocable credit commitments (loan offers)	12,796	10,043
	Total	12,796	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 DLR's financial resources.

21 Contingent assets

Loss set-off agreements have been established between DLR and the loan-mediating shareholder banks. Under these agreements, DLR may offset any loss incurred due to loans facilitated by the bank in question against commission payable to the bank in question. 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-Q3	2024	2023	2022	2021	2020
	Income statement					
	Net interest and fee income	1,440	1,388	1,162	1,074	1,080
	Other operating income etc.	0	1	13	16	18
	Staff costs and administrative expenses etc.	-294	-269	-259	-244	-226
	Earnings	1,146	1,119	916	846	872
	Impairment of loans, advances and re- ceivables	-27	4	-9	78	-58
	Market value adjustments	196	125	-353	-76	-100
	Profit before tax	1,315	1,248	555	848	714
	Profit after tax	973	937	430	662	556
	Balance	2024	2023	2022	2021	2020
	Assets					
	Loans and advances	190,289	174,485	165,512	171,342	163,785
	Bonds, shares, etc.	9,165	8,048	10,419	7,958	11,180
	Other assets	3,843	3,581	5,148	3,513	3,139
	Total assets	203,298	186,114	181,080	182,812	178,104
	Equity and liabilities					
	Issued bonds	181,942	165,679	162,392	165,051	161,575
	Other liabilities	2,684	2,409	1,887	1,617	1,252
	Subordinated debt	1,299	1,298	1,300	1,300	1,300
	Equity	17,373	16,728	15,501	14,844	13,977
	Total equity and liabilities	203,298	186,114	181,080	182,812	178,104

Note		2024	2023	2022	2021	2020
23	Financial ratios Q1-Q3					
	Return on equity					
	Profit before tax in per cent of equity *	7.6	7.7	3.6	5.8	5.2
	Profit after tax in per cent of equity *	5.6	5.8	2.8	4.6	4.1
	Return on capital employed					
	Return on capital employed *	0.5	0.5	0.2	0.4	0.3
	Costs					
	Costs in per cent of loan portfolio	0.2	0.2	0.2	0.1	0.1
	Income/cost ratio *	5.1	5.7	3.1	6.1	3.5
	Income/cost ratio, excl. impairment losses	5.6	5.6	3.2	4.2	4.4
	Solvency					
	Total capital ratio *	23.2	23.6	21.5	18.1	17.2
	Tier 1 capital ratio *	21.4	21.7	19.7	16.5	15.6
	Common equity tier 1 capital ratio *	21.4	21.7	19.7	16.5	15.6
	Arrears and impairment losses					
	Arrears, end of period (DKKm)	64	65	57	64	79
	Impairment ratio for the period *	0.01	0.00	0.01	-0.05	0.04
	Accumulated impairment ratio	0.2	0.2	0.2	0.2	0.3
	Lending activity					
	Growth in loan portfolio, per cent (nominal) *	3.2	2.0	2.7	5.2	4.5
	New loans, gross (DKKm)	20,097	19,431	35,775	27,608	27,306
	Number of new loans	3,257	5,293	9,661	8,493	8,409
	Loan/equity ratio *	11.0	10.4	10.7	11.5	11.7
	Margins					
	Percentage of average loan portfolio (nominal):					
	Profit before tax	0.7	0.7	0.3	0.5	0.5
	Administration margin income	0.8	0.8	0.8	0.8	0.8
	Percentage of tier 1 capital after deductions					
	Foreign exchange position as a percentage of tier 1 capital after deductions	1.5	2.2	1.1	1.3	1.8

* 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-Q3 2024

	Core earnings	Portfolio earnings	Total
Interest income *	5,530	438	5,968
Interest expenses	-4,080		-4,080
Net interest income	1,450	438	1,888
Share dividends etc.	0		0
Fees and commission received	147		147
Fees and commission paid	-596		-596
Net interest and fee income	1,001	438	1,440
Market value adjustments	1	195	196
Other operating income	0		0
Staff costs and administrative expenses	-279		-279
Depreciation and impairment of property, plant and equipment	-2		-2
Other operating expenses	-13		-13
Impairment of loans, advances, receivables, etc.	-27		-27
Profit before tax	682	634	1,315
Tax	-177	-165	-342
Profit after tax	504	469	973

* 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 25	Supervisory diamond for mortgage credit institutions, pct.	End of Q3 2024	End of Q2 2024	Threshold
	1. Lending growth			
	Private homeowners	1.5	0.9	<15%
	Residential rental property	6.9	6.6	<15%
	Agriculture	4.0	3.2	<15%
	Other business lending	7.6	7.2	<15%
	2. Borrower interest-rate risk	22.5	22.9	<25%
	3. Interest-only lending to private home owners	1.1	1.2	<10%
	4. Loans with short-term funding (quarterly)			
	Q4 2023	2.3	2.8	<12,5%
	Q1 2024	0.2	2.3	<12,5%
	Q2 2024	6.5	0.2	<12,5%
	Q3 2024	2.6	6.5	<12,5%
	Loans with short-term funding annually *	11.5	11.6	<25%
	5. Large exposures	52.7	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 1 January – 30 September 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 DLR 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 DLR's assets, liabilities, and financial position as of 30 September 2024, as well as the results of DLR's activities for the period 1 January – 30 September 2024. The financial statements have not been subject to audit or review by DLR's auditor.

Copenhagen, 31 October 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

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