

Annual Report 2024



dlr-kredit

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DLR Kredit

DLR finances customers' agricultural and commercial properties in collaboration with 42 national and local banks, which also represent the largest part of DLR's shareholders. The business model is based on a daily and close interaction with loan officers at the loan-mediating shareholder banks, which have branches in Denmark, the Faroe Islands and Greenland. The shareholder banks own shares that generally equate to their shares of DLR's lending. DLR has been designated a SIFI (Systemically Important Financial Institution) since the first SIFI designations in Denmark in 2014.

The banks advise customers on DLR loans. They have insight into their customers' finances and can provide the best individual advice. The bank is remunerated for providing advice, loans, customer care and risk hedging of the mediated loans. The risk hedging, which comprises guarantees and offsetting of losses in commissions, ensures that any loss generally does not affect DLR.

DLR is responsible for property valuations, credit processing, calculation, disbursement and administration of loans and procuring funding for DLR's lending by the issuance and sale of bonds listed on the stock exchange in Copenhagen (Nasdaq Copenhagen). Furthermore, DLR acts as a professional sounding board for loan officers in the banks in connection with financing of real property, including about sustainability and ESG matters.

DLR is furthermore responsible for the management and risk monitoring of the loan portfolio and supports the loan-mediating banks through system solutions for the collaborative process, including for advisory services to customers, loan applications, fixed-price agreements, guarantee provisions, remortgaging, portfolio overviews,

Five-year financial highlights

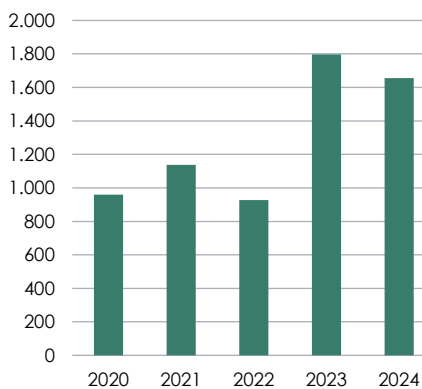
Financial highlights, DKKm	2024	2023	2022	2021	2020
Profil and Loss Account *					
Administration fee income	1,967	1,927	1,895	1,812	1,734
Other core income, net	86	91	168	163	140
Interest expenses subordinated debt	-47	-45	-41	-33	-33
Interest expenses seniordebt	-67	-44	-54	-30	-28
Fee and commission income, net	-597	-561	-491	-502	-446
Core income (mortgage credit income)	1,342	1,368	1,476	1,410	1,366
Staff costs and administrative expenses, etc.	-399	-350	-326	-325	-300
Other operating expenses	-17	-22	-19	-18	-15
Results from core activities	926	996	1,132	1,067	1,051
Provision for loan and receivable impairment, etc.	-36	1	10	109	-62
Portfolio earnings (securities)	765	800	-215	-38	-29
Profit before tax	1,655	1,797	927	1,138	960
Profit after tax	1,222	1,347	720	888	749
Balance Sheet end of period	2024	2023	2022	2021	2020
Assets					
Loans and advances	193,627	181,961	169,920	175,213	166,787
Bonds and shares	9,676	7,829	8,141	6,424	12,041
Other assets	3,249	3,100	2,183	2,234	2,255
Total assets	206,552	192,890	180,244	183,871	181,083
Liabilities and equity					
Issued bonds	184,672	172,006	161,707	166,201	164,433
Other debt and payables	2,564	2,436	1,448	1,299	1,167
Subordinated debt	1,694	1,298	1,298	1,300	1,300
Equity	17,622	17,149	15,791	15,071	14,183
Total liabilities and equity	206,552	192,890	180,244	183,871	181,083
Financial ratios **	2024	2023	2022	2021	2020
Return on equity (ROE)					
Profit before tax in pct. of equity *	23.7	24.0	24.3	18.6	18.8
Profit after tax in pct. of equity *	21.5	22.2	22.5	17.1	17.1
Actual core capital ratio	21.5	22.2	22.5	17.1	17.1
Solvency	18,165	17,342	17,004	15,887	14,918
Capital ratio	76,581	72,158	69,844	85,249	79,467
Lending Activity					
Growth in loan portfolio, pct. (nominel)	5.2	4.1	3.3	7.2	6.3
New loans, gross (DKKm)	29,003	27,899	45,751	36,608	36,839
Marginals					
Administration margin income	1.01	1.04	1.06	1.07	1.09

* The income statement is compiled according to the core income and portfolio earnings method, which is an internal method. Note 48 shows a reconciliation between the internal and the official accounting format.

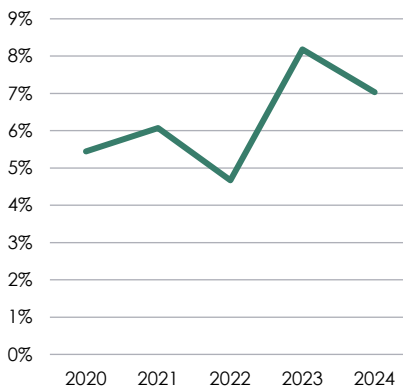
** The financial ratios have been calculated on the definitions by the Dansik Financial Supervisory Authority.

Overview figures

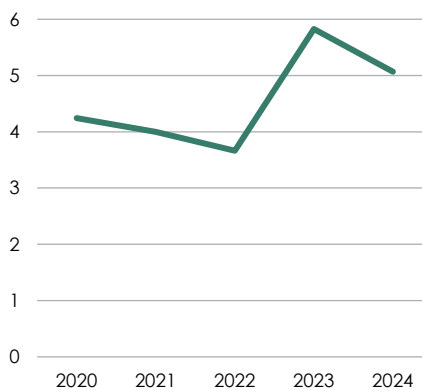
**Pre-tax profit
(DKKbn)**



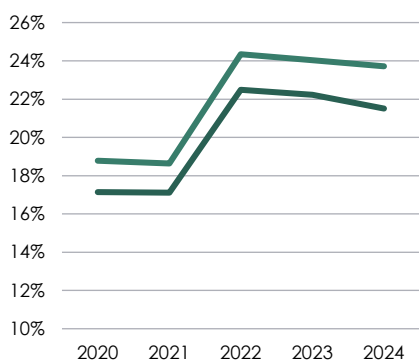
**Net profit for the year as pct.
of equity**



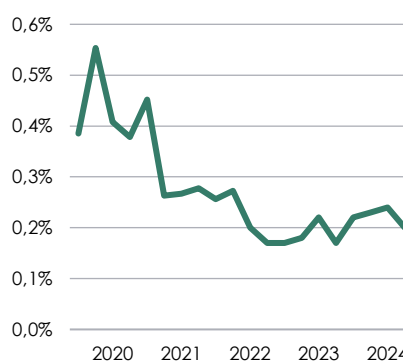
**Income/cost ratio excl.
impairment**



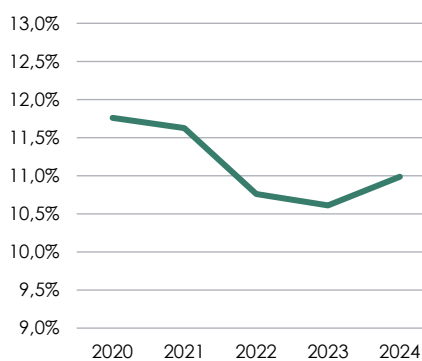
Total capital ratio



**Arrears ratio
(3½ month)**

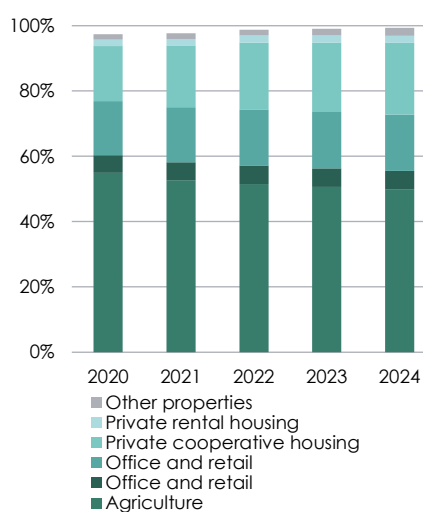


Ratio of lending to equity

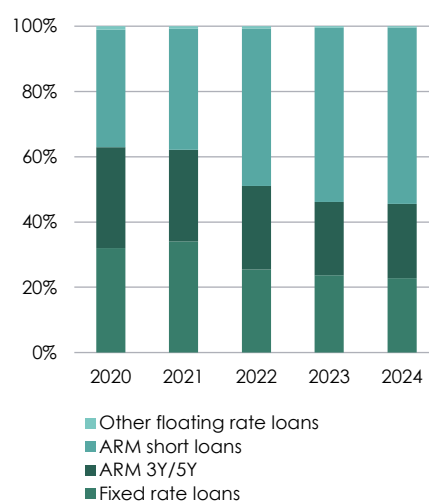


— Capital ratio — CET 1 ratio

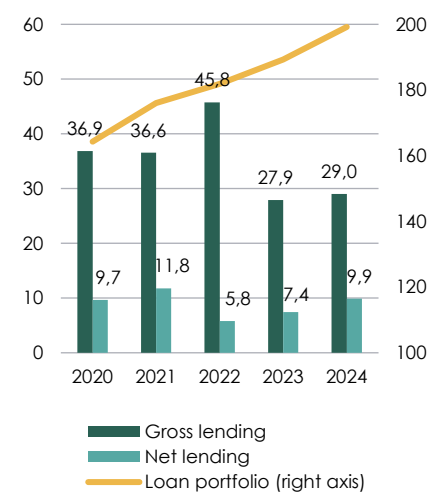
Lending by property category



Lending by loan type



**Lending activity, nominal
(DKKbn)**



Financial review

Summary

- Administration margin income amounted to DKK 1,967m in 2024, an increase of DKK 40m compared with 2023.
- Losses and impairment on loans and receivables amounted to an expense of DKK 36m.
- The return on the securities portfolio was positive at DKK 765m.
- Pre-tax profit amounted to DKK 1,655m and DKK 1,222m after tax.
- The Board of Directors proposes paying dividends to external shareholders of DKK 750m, excluding dividends on DLR's holdings of own shares.
- DLR's gross lending amounted to DKK 29.0bn in 2024.
- Net lending (calculated at outstanding bond debt) amounted to DKK 9.9bn in 2024.
- DLR's capital ratio was 23.7 at end-2024.

CEO statement

Statement by CEO Jens Kr. A. Møller on the release of the Annual Report for 2024:

Profit for the year

**DKK
1,655
m**

before tax

DLR recorded a pre-tax profit of DKK 1,655m in 2024. The financial performance marks the second-best result in DLR's history, surpassed only by the record profit in 2023. The result was driven by high returns on the securities portfolio, continuing low impairment losses and satisfactory lending growth, which lifted the administration margin income. The profit for 2024 is better than the expectations expressed at the beginning of the year of a pre-tax profit in the order of DKK 1,450m to 1,650m.

Based on the profit for the year and DLR's robust capital position, DLR's Board of Directors will recommend to the Annual General Meeting that dividends of DKK 750m be distributed. The dividend of DKK 750 million is excluding dividends on DLR's holdings of own shares.

In 2024, DLR realized a highly satisfactory lending growth of DKK 9.9bn (nominally). This lending growth is testament to the strength of the collaboration with the banks in DLR's circle of owners. Equally importantly, lending growth was recorded in all of DLR's main lending areas, agricultural properties, residential rental properties, and office and retail properties.

Portfolio earnings represented an income of DKK 765m, compared with DKK 800m in 2023, when portfolio earnings were lifted by capital gains at the end of the year. The return amounted to 3.2 pct. for the year as a whole. The expected lower interest rates have dampened expectations for returns in the coming years.

Customer credit quality remained high throughout 2024. The total impairment balance rose slightly from DKK 373m to DKK 385m, driven primarily by the rising loan portfolio. At the end of 2024, DLR has made a management overlay to the impairment losses relating to the upcoming carbon adjustment of Danish agriculture, and an overlay to cover the risk of loss due to impairment to buildings located in areas deemed at risk for storm surge and cloudburst damage.

The new CO₂ tax, along with the aquatic environment initiative, was an important topic for agriculture throughout 2024. In February 2024, the Svarer committee announced recommendations for a CO₂ tax. Subsequently, the work of the green tripartite initiative followed, which in June 2024 proposed recommendations for a comprehensive plan to address climate and water environment challenges. The recommendations of the green tripartite initiative were subsequently the object of political discussions, which in November 2024 resulted in a broad political agreement entitled "Agreement on Implementation of a Green Denmark".

The political agreement establishes a framework for Danish agriculture for many years to come. Under the agreement, large agricultural areas are expected, over the coming years, to be converted into wetlands or repurposed for afforestation based on a principle of voluntariness, with compensation for each individual farmer. The agreement entails that Denmark's total agricultural area will be reduced over the next 20 years. The agreement also implements a CO₂e tax on emissions from livestock, which can be reduced or completely eliminated by adopting measures that lower emissions at the individual farm level.

Our agricultural customers are generally well equipped to meet the requirements of the future. For several years, Danish agriculture has recorded satisfactory earnings and has at the same time significantly reduced debts in the sector. The satisfactory earnings are the result of good prices – but with differences between the individual segments. Dairy and piglet farmers in particular have benefited from high product prices, while arable farmers have recorded lower earnings, partly as a result of lower yields. The overall satisfactory earnings development in the agricultural sector, along with the demand for agricultural land for purposes other than farming, is reflected in persistently rising land prices.

After several years of consolidation and low lending activity, investment appetite and credit demand among agricultural customers increased in 2024. Thus, agriculture accounted for nearly half of DLR's total net lending in 2024.

Commercial real estate customers also had a good year in 2024. The preceding years of low vacancy rates and rising rent levels continued throughout 2024, and only the letting of retail leases seems to be challenged in local areas. The low vacancy rates and rising rent levels have enabled real estate investors to withstand the higher level of interest rates without increases in arrears and losses for DLR. With the falling interest rate level during the second half of 2024, the downward pressure on real estate prices has been easing in 2024, which further strengthens the credit quality.

DLR continued its sustainability initiatives in 2024. As a lender, it remains a key priority for DLR to collect data on customer ESG matters, and to seek to identify and mitigate the physical climate risks and transition risks associated with the mortgaged properties and the borrowers. Furthermore, DLR maintains a close and ongoing dialogue with its loan-mediating banks on initiatives to promote sustainability at our shared customers. The close collaboration enables us to jointly finance sustainable business opportunities and the required investments to mitigate transition and climate risks.

As an active lender, DLR's objective is to help customers move in a sustainable direction rather than exclude individual customers or customer groups. With the agreement on a Green Denmark and the building directive, we expect that the focus on sustainability transition and reduction of climate-related risks will only be intensified in the coming years.

For 2025, DLR expects a profit before tax in the order of DKK 1,300m to DKK 1,500m. The expected lower result compared to 2024 is due to the lower interest rate level and the resulting lower portfolio returns, while DLR expects continued growth in lending, and financially sound customers."

Jens Kr. A. Møller
Managing Director & CEO



Comments on the results for 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, including commission payments to DLR's loan intermediaries, as well as losses and impairments.
- Portfolio earnings: Return on the securities portfolio.

The income statement for 2024 is set out below.

Financial highlights, DKKm	2024	2023
Profit and Loss Account		
Administration fee income	1,967	1,927
Other core income, net	86	91
Interest expenses subordinated debt	-47	-45
Interest expenses seniordebt	-67	-44
Fee and commission income, net	-597	-561
Core income (mortgage credit income)	1,342	1,368
Staff costs and administrative expenses, etc.	-399	-350
Other operating expenses	-17	-22
Results from core activities	926	996
Provision for loan and receivable impairments, etc.	-36	1
Portfolio earnings (securities)	765	800
Profit before tax	1,655	1,797
Profit after tax	1,222	1,347

Core earnings

Administration margin income amounted to DKK 1,967m in 2024, up DKK 40m on 2023. The increase was driven by a larger loan portfolio.

Other core income primarily concerns income from loan origination fees, but also various other income and expenses related to the lending activity. Other core income amounted to DKK 86m in 2024, which was slightly lower than in 2023.

Interest expenses for subordinated debt amounted to DKK 47m, which was on a level with the expenses in 2023.

Interest expenses for senior loans amounted to DKK 67m, which was DKK 23m higher than in 2023. Interest expenses were higher because the refinancing of senior loans was based on a higher premium to CIBOR 3.

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

Fees and commission (net) amounted to an expense of DKK 597m, which was DKK 36m higher than in 2023. The higher net expense was due to a combination of a DKK 20m decrease in fee and commission income, which mainly relates to lower spread income stemming from loan refinancing, and a DKK 16m increase in fee and commission expenses.

Core income was subsequently DKK 1,342m, a decrease of DKK 26m relative to 2023.

Staff costs and administrative expenses, etc. amounted to DKK 399m, which is DKK 49m more than in 2023. The increase relates to a number of non-recurring expenses of DKK 22m and also a higher number of employees as well as general wage and inflation developments.

Other operating expenses concern DLR's contribution to the Resolution Fund, which in 2024 amounted to DKK 17m.

Losses and impairment on loans, advances and receivables, including prior-year adjustments, were calculated at an expense of DKK 36m, compared with an income of DKK 1m in 2023.

Total impairment losses (allowance account) amounted to DKK 385m, which breaks down as follows:

- Individual impairment losses of DKK 57m, which is a decrease of DKK 16m.
- Modelled impairment of DKK 111m, which is an increase of DKK 54m.
- Management overlay of DKK 217m, which is a decrease of DKK 26m. The assumptions underlying the management overlay are described in note 50, Accounting policies.

Portfolio earnings

Portfolio earnings represented an income of DKK 765m in 2024, compared with an income of DKK 800m in 2023. The positive return in 2024 equals a return of around 3.2 pct. of the average "investment portfolio" in 2024. The "investment portfolio"

consists of the total securities portfolio less temporary excess liquidity in connection with mortgage lending activity (balance sheet funds).

Results, comprehensive income and allocation hereof

Profit after tax was DKK 1,222m, which was also the amount of comprehensive income for the year.

Of this comprehensive income, DLR proposes to distribute dividends to shareholders of DKK 750m, excluding dividends on DLR's holdings of own shares, while the remainder of the comprehensive income of DKK 472m will be transferred to equity.

Profit for the year relative to previous guidance

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.

This guidance was revised after Q3 2024 to core earnings before impairment in the order of DKK 900m – 1,000m and a pre-tax profit of around DKK 1,650m – 1,750m.

Furthermore, on 22 January 2025 DLR narrowed its full-year guidance again, this time to a pre-tax profit for 2024 in the order of DKK 1,650m – 1,660m.

The realised numbers for 2024 were core earnings before impairment of DKK 926m and a pre-tax profit of DKK 1,655m.

Balance sheet

Mortgage lending at fair value amounted to DKK 193.6bn at the end of 2024.

Bond holdings amounted to DKK 31.0bn of the total securities amount. Of this amount, the portfolio of DLR bonds amounted to DKK 21.4bn, which is netted in "Issued bonds at fair value", while DKK 9.6bn was attributable to positions in government securities and other mortgage bonds.

In addition to the bond holding of DKK 31.0bn, DLR held other securities for DKK 2.7bn; hence, the total securities holding amounted to DKK 33.7bn (gross) at the end of 2024. Of the total securities amount, balance sheet funds amounted to DKK 9.7bn, after which the "investment portfolio" amounted to DKK 24.0bn at year-end 2024.

DLR's total assets stood at DKK 206.6bn at year-end 2024.

Q4 2024

The pre-tax profit in Q4 2024 was DKK 340m.

The pre-tax profit in Q4 2024 was lower than in the other quarters of 2024, due to negative value adjustments and thus lower portfolio earnings.

Events occurring after the reporting date

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

Outlook for 2025

DLR's business primarily comprises lending for agricultural and commercial properties in close co-operation with local and national banks. DLR also has a substantial portfolio of bonds as a result of its robust own funds.

DLR's earnings are affected by general economic trends and especially by developments in the sectors for which it provides financing, as well as movements in interest rates.

The agricultural sector as a whole has in recent years experienced relatively strong earnings. For dairy farmers, the terms of trade have continued to develop favourably with expectations of a further strengthening during 2025, and despite the fact that the price of weaners for export has fallen, satisfactory earnings are also expected for agriculture as a whole in 2025.

Rising land prices were observed during 2023 and 2024, and continued strong demand for land is expected from agriculture and other stakeholders for infrastructure

projects, energy production, afforestation, and more. Recent years' strong earnings and the increasing value of the properties have led to a strong position for the industry as a whole.

In the commercial real estate segment, the level of letting is expected to remain strong for residential rental and office and retail properties, which are thus expected to record satisfactory earnings in 2025.

Overall, prospects are thus for satisfactory earnings in 2025 for the sectors for which DLR provides financing.

The lower level of interest rates makes DLR forecast a lower return on its bond portfolio in 2025 compared with the return in 2024. This will reduce DLR's overall earnings in 2025 compared to 2024.

Earnings forecast

For 2025, DLR expects core earnings before impairment in the order of DKK 950 – 1,050m and a pre-tax profit of around DKK 1,300 – 1,500m.

This earnings forecast includes portfolio earnings of around DKK 400m.

Interest rate developments and thus the scale of portfolio earnings together with the operational impact of any additional impairment in 2025 could, however, potentially have an impact on DLR's final results in 2025.

We expect continued positive net lending in 2025 and a higher loan portfolio.

Capital position

Own funds

Own funds after deductions amounts to a total of DKK 18,165m at end-2024 and primarily consists of equity and a small proportion of tier 2 capital of DKK 1,694m. At end-2024, DLR had not issued additional tier 1 capital. The table below shows the distribution of common equity tier 1 capital and tier 2 capital and DLR's risk exposure.

In 2024, DLR's own funds increased by DKK 823m, driven mainly by the profit for the year of DKK 1,222m less dividend to shares not owned by DLR, amounting to DKK 750m. In 2024, DLR also increased the issue of tier 2 capital. In connection with the redemption of DKK 650m of tier 2 capital, a total of a little over DKK 1.0bn of tier 2 capital was issued. DLR's total capital ratio at end-2024 was 23.7 pct. as DLR's total risk exposure amount has been calculated at DKK 76.6bn.

Capital and solvency

(DKKm)	2024	2023
Equity	17,622	17,149
Result etc. that cannot be recognized in core capital	0	0
Proposed dividends on shares owned by parties other than DLR	-750	-750
Deduction of bond holdings secured by own shares	-290	-282
Deductions as a consequence of prudent valuation	-23	-23
Deductions as a consequence of non-performing exposures	-24	-11
Difference between expected losses and impairment losses	-63	-40
Common equity tier 1 capital	16,471	16,044
Subordinated capital (tier 2 capital)	1,694	1,298
Deductions from tier 2 capital	0	0
Own funds	18,165	17,342
Risk-weighted exposure with credit risk etc.	70,210	66,475
Risk-weighted exposure with market risk	2,911	2,682
Risk-weighted exposure with operational risk	3,460	3,001
Total risk-weighted exposure	76,581	72,158
Common equity tier 1 capital ratio	21.5%	22.2%
Total capital ratio	23.7%	24.0%

Tier 2 capital

DLR's own funds consists of share capital, retained earnings, non-distributable reserves and tier 2 capital.

DLR currently has three issues of tier 2 capital totalling DKK 1.7bn nominally. The latest two issues of DKK 400m and SEK 1,000m (DKK 640m) were made in mid-November 2024, among other things for the redemption of DKK 650m of tier 2 capital issued in 2019. DLR's third issue of DKK 650m was made in October 2022. All three issues comply with the relevant requirements of the CRR directive.

Capital requirements

DLR's total regulatory capital requirement at end-2024 was 16.6 pct. The requirement is composed of the basic 8 pct. capital requirement under CRR, Pillar II add-on of 1.31 pct. and the combined capital buffer requirement consisting of the SIFI buffer requirement (1 pct.), the capital conservation buffer (2.5 pct.), the countercyclical buffer (2.5 pct.), the systemic buffer of 7 pct. for loans to real estate companies in Denmark (1.2 pct.) and the systemic buffer in the Faroe Islands corresponding to 0.02 pct. The overall requirement was increased relative to end-2023 because the systemic buffer of 7 pct. for loans to real estate companies in Denmark was implemented at the end of June 2024.

The adopted amendments to the Capital Requirements Regulation (CRR) will result in an increase in DLR's total risk exposure amount from the beginning of 2025 and thus an increase in tied-up capital. With its existing level of own funds, DLR is able to handle the regulatory amendment.

DLR also issues senior debt in the form of Senior Non-Preferred Notes (SNP). The issues are made with a view to meeting the debt buffer requirement and to cover supplementary collateral. In mid-2024, DLR issued SNPs totalling DKK 1bn to replace a maturing issue of a corresponding size. At end-2024, DLR had issued SNPs totalling DKK 4bn, which was unchanged from the preceding years. DLR has also previously issued senior secured bonds (SSB) with a view to meeting the requirement for supplementary collateral, but it currently has no issues of this type of bonds.

Solvency need

In accordance with the Danish Financial Business Act, DLR determines its adequate own funds and solvency need. In its calculation, DLR applies the credit-reservation approach (the "8+ approach") as described in the Danish FSA's guidelines on adequate own funds and solvency needs for credit institutions. The starting point is thus 8 pct. of the total risk exposure amount. Furthermore, an assessment is made of whether DLR in individual risk areas is exposed to risk not covered by the 8 pct. requirement. If such additional risks are identified, an add-on is made to the adequate own funds (Pillar II add-on).

At least once quarterly, DLR's Board of Directors considers the adequate own funds and solvency need, while a more detailed methodology review of the calculation is

made at least once annually. DLR's Risk Committee reviews the material prior to submission to the Board of Directors. In addition, DLR's internal audit department undertakes an independent assessment of the calculation. In addition, it is regularly assessed whether the solvency need and adequate own funds reflect DLR's current risk profile.

The calculation of adequate own funds and solvency need is shown in the table below. As DLR's business model relies exclusively on operating a mortgage credit institution, by far the largest part of the adequate own funds attaches to credit risk.

DLR's adequate own funds and solvency need

(DKKm)	2024	2023
Credit risk	6,126	5,791
Market risk	730	702
Operational risk	277	240
Other factors	0	0
Internally calculated adequate own funds	7,133	6,733
Add-ons (special risks)	0	0
Total, adequate own funds	7,133	6,733
Solvency need	9.31%	9.33%

Please also refer to DLR's report "Risk and Capital Management " and the quarterly calculations of adequate own funds and the solvency need, which can be found at DLR's website under <https://dlr.dk/en/investor/financial-statements/>.

Excess capital

Based on DLR's own funds, total risk exposure amount and buffer requirements etc., DLR has calculated its excess capital at DKK 5.5bn at end-2024. The excess capital is specified in the table on the next page.

DLR's excess capital adequacy

(DKKm)	2024	2023
Own funds after deductions	18,165	17,342
Capital adequacy	-7,133	-6,733
SIFI buffer	-766	-722
Capital conservation buffer	-1,915	-1,804
Countercyclical buffer	-1,915	-1,804
Systemic buffer Denmark (Lending to real estate companies)	-943	0
Systemic buffer Faroe Islands	-15	-11
Reserved debt buffer	0	-358
Excess capital adequacy	5,480	5,911

Capital planning and capital targets

The Board of Directors defines DLR's capital targets. The capital targets are fixed at least annually, but are regularly reviewed at board meetings.

In August 2024, the Board of Directors resolved to raise DLR's capital targets for the capital ratio from 20.0 to 23.0 pct. and to 21.0 pct. and 19.5 pct., respectively, for the tier 1 capital ratio and the common equity tier 1 capital ratio. The increase in the capital targets is primarily attributable to the implementation of the sector-specific capital buffer of 7 pct. aimed at loans to real estate companies and the change in DLR's guarantee concept in 2024. The capital target of 23.0 pct. Has simultaneously "pre-implemented" the expected impact of the new capital adequacy rules (CRR) from the beginning of 2025.

The targets were set on the basis of both known and expected requirements. The targets will thus be adjusted in case of significant events or changes to market conditions. Consequently, the capital targets are expected to be adjusted in 2025 because the effect of the new CRR rules from the beginning of 2025 will be included directly in the calculation of DLR's capital ratios, and the capital targets will therefore need to reflect that.

Given its current own funds and its earnings forecasts, DLR expects to be in a position to comply with current and future capital requirements and to meet any additional capital needs relating to the anticipated growth in lending in coming years.

Debt buffer

Mortgage banks in Denmark must comply a two-part debt buffer requirement. The debt buffer requirement is set to represent a minimum of 2 pct. of total unweighted lending, while the sum of the requirement for the issuer's capital and debt buffer must constitute at least 8 pct. of the institution's total liabilities.

The debt buffer requirement of at least 2 pct. of DLR's lending equated to DKK 3.9bn at end-2024, while the requirement that 8 pct. of total liabilities covered by debt buffer and required capital equals DKK 16.5bn.

Among other things to comply with the debt buffer requirement, DLR has issued senior non-preferred notes, SNP. SNP is senior debt and absorbs losses before other debt, but after equity and other subordinated debt (additional tier 1 capital and tier 2 capital). The SNP issues may also be used to meet the need for supplementary collateral and the overcollateralisation requirement stipulated by legislation and rating agencies. At year-end 2024, DLR had issued SNP totalling DKK 4bn.

With its capital covering the regulatory capital requirement, including buffer requirements, and the issued SNP, DLR complies with both debt buffer requirements.

Ownership

Owners and share of ownership

DLR's share capital is mainly held by local, regional and national banks. DLR's shareholder banks are all members of Lokale Pengeinstitutter (Association of Local Banks, Savings Banks and Cooperative Banks in Denmark) and Landsdækkende Banker (National Banks in Denmark). The members hold 55 pct. and 16 pct., respectively, of DLR's share capital and are active loan-mediating banks for DLR.

At end-2024, DLR had 46 shareholders, of which 42 are active loan-mediating banks. In recent years, the number of shareholders has fallen slightly, due to the reduction in the number of banks as a result of mergers and takeovers.

DLR's share capital has had a nominal value of DKK 569,964,023 since the latest increase in share capital in September 2013. Of the share capital, DLR Kredit A/S holds 46,122,083 own (treasury) shares, equivalent to a nominal value of DKK 46.1m.

In addition, PRAS A/S, whose shareholders are essentially the banks behind Lokale Pengeinstitutter and Landsdækkende Banker, holds 8 pct. of DLR's share capital, and PRIPS2022 P/S, which is owned by 12 local banks, hold another 4 pct. of DLR's shares. Other shareholders hold 17 pct. of the share capital. The above does not include DLR's 8.1 pct. holding of treasury shares at end-2024.

Redistribution of shares

A redistribution of shares was carried out in March 2024 in accordance with DLR's shareholder agreement. The redistribution is based on the proportion of shares held by the loan-mediating shareholder banks matching the proportion of loans they mediated in relation to DLR's aggregate loan portfolio.

The redistribution in March 2024 was based on the outstanding bond debt at year-end 2023, with shares for a nominal value of DKK 10.9m being redistributed.

Distribution channels

DLR's business model is based on close collaboration with the loan-mediating banks in DLR's circle of owners. The circle of owners comprises national and local banks with branches in Denmark, in the Faroe Islands and in Greenland.

The cooperative model between DLR and its owners ensures a cost-efficient lending process. The banks are remunerated for mediating loans to customers, advisory services, customer care and risk hedging through the provision of a guarantee, while DLR handles property valuations, loan processing and loan limits together with the issuance and sale of bonds to fund mortgage credit loans.

DLR's digital platform – DLRxperten – supports the banks' customer advisory services related to mortgage financing and facilitates the day-to-day collaboration with customers. The platform supports loan officers and customer employees when, for instance, they apply for loans, enter into fixed-price agreements, obtain customer signatures, disburse loan proceeds, provide guarantees or shift profile or remortgage loans.

DLR's lending areas

Agricultural sector

In 2024, much of the attention in the Danish agricultural sector was on the implementation of the political agreement on the green transition of Danish agriculture. In June 2024, the government and the parties in the green tripartite initiative presented the "Agreement on Implementation of a Green Denmark", as the basis for the green transition of food and agricultural production in Denmark.

A political framework agreement was concluded in November 2024, which in addition to addressing greenhouse gas emissions also includes revisiting the aquatic environment efforts, with significant expected reductions in agricultural nitrogen emissions. The framework agreement confirmed expectations of a CO₂e tax on biological processes in agriculture. However, the tax is designed and implemented in such a way that it is possible to avoid paying the tax in whole or in part if the necessary emission reductions are achieved, which is largely considered realistic through the use of known measures. The aquatic environment efforts will lead to a greater reallocation of land over the coming years, and this will have a particular effect on areas discharging to particularly sensitive water bodies. The agreement is based on a voluntary approach, and considerable funds have been allocated to compensate landowners affected by future restrictions.

Danish agriculture is generally well equipped to meet the requirements of the future. For several years, the agricultural sector has had satisfactory earnings and, to a large extent, has reduced the industry's debt. The sector is thus very robust in financial terms, which has enabled it to cope with the higher interest rates in recent years.

The satisfactory earnings in the agricultural sector in 2024 are the result of good prices – but with differences between the individual segments.

Producers of weaner pigs have experienced good sales prices over the last few years, achieving quite satisfactory results. Demand for weaners remains strong, but during the second half of 2024 prices fell significantly and are approaching the break-even price for some of the producers. For producers of slaughter pigs, the high purchase prices of weaners have resulted in relatively weak terms of trade, unsatisfactory earnings and lower production. The falling weaner prices in 2024 will lead to improved terms of trade. In 2025, production in the EU is expected to be stable to declining, with the EU still being affected by African swine fever, increased

welfare requirements in a number of EU countries as well as a significant reduction in pig production in the Benelux countries. This development is expected to support pork prices and thus a sound overall economy in pig production.

In 2024, the settlement price for conventional milk rose by DKK 0.98 per kg to DKK 4.16 per kg at end-2024, and milk prices are thus again at a relatively high level. This results in highly satisfactory terms of trade for dairy farmers. In recent years, the global milk market has been characterised by slightly increasing demand, while production has not increased. This has led to increases in the price of milk, which is expected to remain at a high level in 2025.

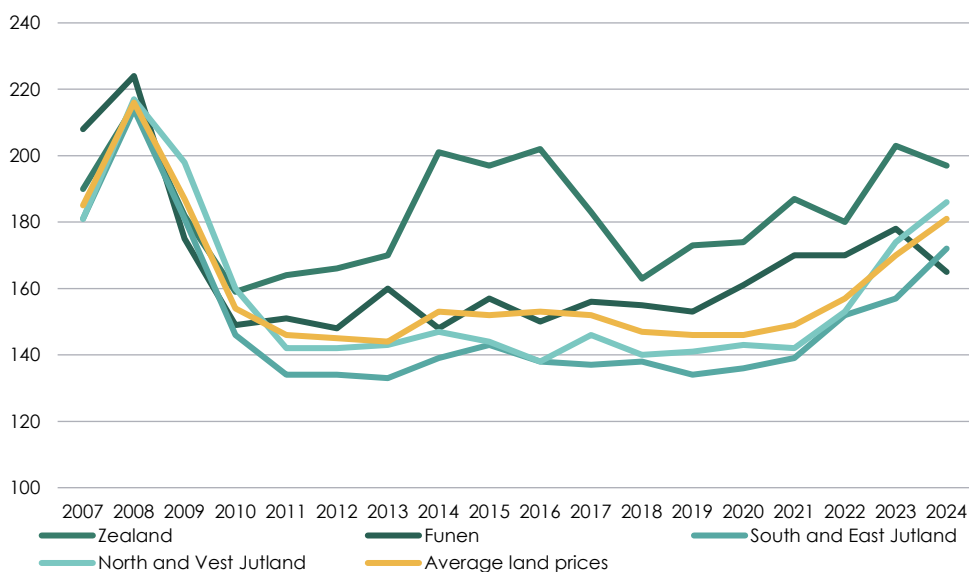
Arable farmers were again affected by difficult weather conditions in 2024. The growing season was characterised by heavy rainfall, and harvest yields overall were 16 pct. below the average for a normal year, but with large local differences. Prices of main products remained satisfactory and arable farmers generally achieved satisfactory results in 2024 despite the difficult weather conditions.

Trade in agricultural property and land prices

Trading activity has been increasing over the past five years, but with a slight decrease in 2024. The increase in trading activity indicates that the structural adjustment of agriculture towards larger farms is continuing.

Prices of farmland have increased in recent years, which, among other things, is due to relatively good earnings in the industry and the demand for farmland for other purposes such as renewable energy, afforestation, following of low-lying land and general infrastructure, etc.

Land prices in transactions (tDKK/ha)



Source: DLR, based on registered purchases and sales of agricultural properties with more than 10 hectares of agricultural land, excluding building values.

With the implementation of the agreement on a Green Denmark a new nitrogen regulation of agriculture is introduced. The agreed effort, which will significantly reduce nitrogen emissions to sensitive fjord and marine environments, will lead to changes in the use of very substantial areas over the coming years, for example by extensification, fallowing and afforestation.

The agreement is based on the fact that the conversion can take place through voluntary participation, and funds have been allocated to compensate the landowners affected and to support the significant redistribution of land that is expected to be necessary. The specific areas that are selected for extensification or fallowing and are subject to restrictions will, as a rule, decrease in value. However, with the agreed compensation schemes, the principle of voluntariness, and the possibilities of receiving replacement land, so that barns, etc can continue to be utilized, the agricultural sector's capital structure are expected to remain robust.

Commercial property

DLR finances a wide range of commercial properties from residential rental properties, over office and retail properties to community power plants, including land-based wind turbines, biogas facilities and solar power plants. DLR's loan-mediating banks cover all parts of Denmark, although coverage of the Greater Copenhagen area is somewhat limited.

In recent years, business customers have benefited from low vacancy rates. In particular, there is demand for residential rental units, which has brought vacancy rates down to a historically low level. Parts of the retail segment are experiencing rising vacancy rates, which is in part due to the continued increase in online retailing. However, vacancy rates for retail leases are not alarming overall.

Business customers have largely succeeded in implementing rent adjustments by referencing the higher inflation. In this way, business customers have benefitted from a positive trend in overall rental income, which has offered some protection against recent years' higher interest rates. The higher level of interest rates has thus not given rise to any noticeable arrears or losses for DLR.

However, the higher interest rates have dampened construction activity, which in 2024 was at its lowest level since 2017. The low level of construction activity contributes to keeping vacancy rates subdued.

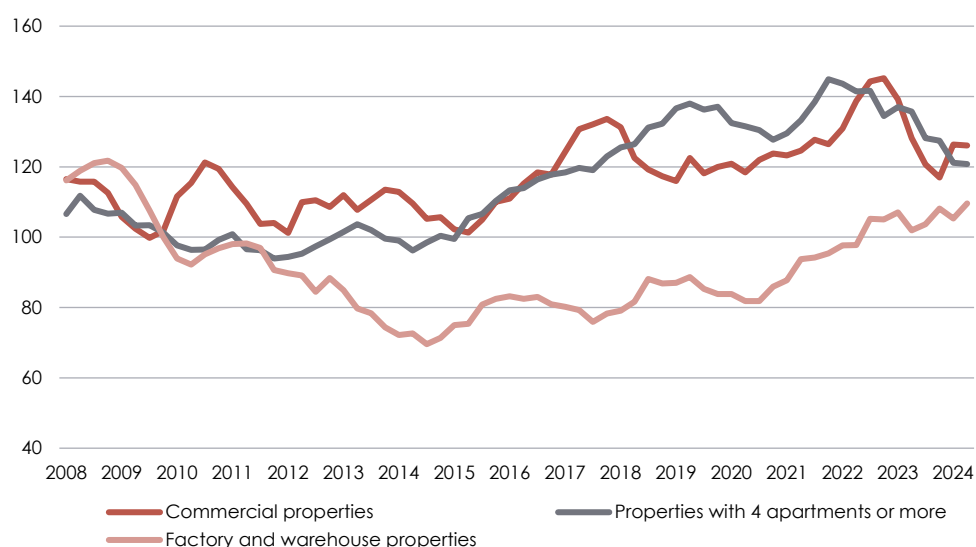
Based on developments in interest rates in 2024, indexation of rent levels and low vacancy rates for the most important property types, the property market is

generally considered stable. The implementation of the sector specific systemic risk buffer of 7 pct. for exposures to real estate companies effective end-June 2024 has prompted an increase in financing costs for the real estate sector. Based on the current strength of the Danish economy, trading activity in the property market appears to be edging higher despite higher financing costs.

Property prices

As shown by the chart below, prices of the most important property categories (retail and residential properties) stabilised in 2024 following the significant drop in 2023. Retail properties have regained some of the price falls realised in 2023, but are still below the levels of early 2023.

Price index (2006=100)



Source: Statistics Denmark

EU Energy Performance of Buildings Directive

The EU's revised Energy Performance of Buildings Directive (buildings directive) entered into force on 28 May 2024. The buildings directive leads to requirements for the reduction of greenhouse gas emissions and energy consumption in the construction sector and for refurbishment of the lowest-performing buildings in terms of energy efficiency. For residential buildings overall, the primary energy consumption must on average be reduced by 16 pct. by 2030 and 20-22 pct. by 2035. For non-residential buildings, minimum energy performance standards will be introduced.

As the EU directive must be implemented into Danish legislation, the requirements will not apply under Danish law until the Danish Parliament has adopted amendments to the relevant legislation. Most of the directive must be implemented by 29 May 2026 at the latest. No plan has yet been published for the implementation of the buildings directive with information about when the relevant bill is expected to be tabled.

Lending activity and portfolio

Growth across all lending areas in 2024

In 2024, DLR continued to experience satisfactory lending growth across all of its significant lending areas and notably higher than in 2023. Driven especially by loan remortgaging, gross lending activity was slightly higher than in 2023, although the level of activity was still marked by subdued remortgaging activity.

Lending growth

DLR's loan portfolio grew by DKK 9.9n in 2024 (in nominal terms), equal to lending growth of 5.2 pct. By way of comparison, the loan portfolio grew by DKK 7.4bn in 2023, equal to lending growth of 4.1 pct.

For two of DLR's three main lending areas – agriculture and private residential rental properties – lending growth was higher than in 2024, while lending growth for office and retail properties was more or less unchanged from 2023. In 2024, lending to properties within residential rental, office and retail and agriculture rose by 9.3 pct., 4.0 pct. and 3.9 pct., respectively.

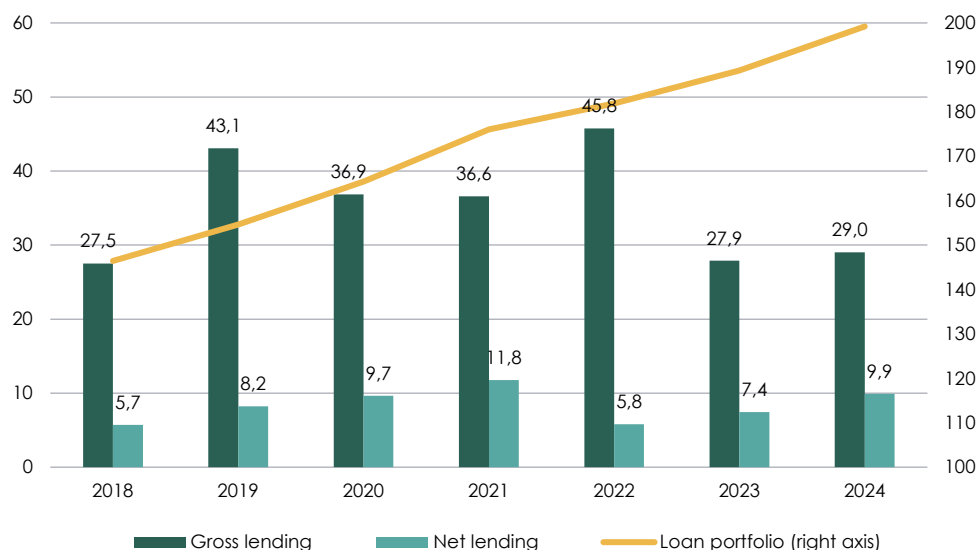
The very satisfactory lending growth in 2024 is due to strong competitiveness among the loan-mediating banks and persistent demand for loans for all significant property types. In addition, the influx of new commercial and agricultural customers, as well as the continued structural development of agriculture, led to increased demand for loans in 2024.

Loans disbursed

DLR's gross lending amounted to DKK 29.0bn in 2024, which was a small increase from DKK 27.9bn in 2023.

There has been a particular increase in the extent of remortgaging of loans with other institutions, which accounted for a larger share of disbursed loans in 2024 than the previous year. The number of loans in connection with change of ownership was at the same level as in 2023, while there was a lower level of activity within disbursements for investments and loan remortgaging. In 2024, remortgaging accounted for 18.5 pct. of all disbursed loans, against 28.1 pct. in 2023 (measured as the number of loans).

Development in gross and net lending and overall portfolio (DKKbn)



DLR's portfolio and market share

DLR's market shares

DLR's loan portfolio amounted to DKK 199.2bn measured by the nominal outstanding bond debt at the end of 2024, equivalent to a market share of 6.3 pct. of total mortgage lending in Denmark. The market shares for DLR's primary business areas have increased significantly since 2015.

DLR has a significant market share in Greenland for mortgage loans to commercial properties and owner-occupied homes. The latter also applies to the Faroe Islands. Loans in Greenland and the Faroe Islands constitute a smaller part of DLR's total loan portfolio, corresponding to 2.5%.

Loans for agricultural properties

Loans for agricultural properties accounted for 50.0 pct. of DLR's total loan portfolio at end-2024. Although DLR experienced higher lending growth for agricultural customers in 2024 than in 2023, the share of DLR's total lending for agriculture declined in 2024 as has been the case for some years. The reason is that loans for DLR's other segments have grown more than agricultural loans since 2015.

Loans for office and retail properties

Loans for office and retail properties accounted for 17.1 pct. of DLR's total loans at end-2024. In spite of growth in loans for office and retail properties, the share of this segment fell from 17.3 pct. at end-2023.

Loans for residential rental properties

Loans for residential rental properties accounted for 22.9 pct. of DLR's total loans at end-2024. Loans for residential rental properties increased by 9.3 pct. in 2024 and thus account for a growing share of total lending.

Loans for owner-occupied homes including residential farms

At the end of 2024, DLR had provided loans to owner-occupied properties and residential farms totalling DKK 11.6bn. Lending primarily covers residential farms in Denmark and owner-occupied homes in Greenland and the Faroe Islands. Loans for owner-occupied homes and residential farms have been stable in the preceding years, but rose by DKK 1.2bn in 2024, corresponding to 11.1 pct.

Composition of portfolio by loan types

Fixed-rate loans represent a slightly falling share of DLR's outstanding loans, with the share falling from 23.7 pct. at end-2023 to 22.8 pct. at end-2024. At 22.8 pct., the share of adjustable-rate loans is slightly higher than in 2023, when the share was 22.4 pct. However, this development covers a 1.8 percentage point drop in the proportion of adjustable-rate loans with five-year refinancing periods, while the proportion of adjustable-rate loans with shorter refinancing periods (mainly 3 years) rose by 2.2 percentage points.

The loan portfolio's share of ARM Short loans, which are loans carrying a variable rate determined twice annually based on the 6M CIBOR or CITA rate, rose from 53.4 pct. in 2023 to 54 pct. in 2024.

ARM Short loans have become increasingly popular as a loan type in recent years, accounting for more than half of DLR's disbursed loans in 2024. This loan type is particularly popular with DLR's agricultural customers, which have traditionally been more attracted to loans with short refinancing periods. It would appear that a large number of customers, also in the other business segments, in 2024 used the ARM Short loan as a temporary "holding position", expecting that they will be able to take out fixed-rate loans or loans with longer refinancing periods when interest rates have fallen further.

DLR's loan portfolio at 31 December 2024

	Outstanding bond debt DKKbn	Distribu- tion by property category	Fixed rate loan	ARM Short*	Breakdown by loan type			
					1Y/ 2Y	3Y/ 4Y	5Y	Other Short term inter- est rate loans
Agriculture, incl. horticultural properties	99.5	50.0%	12.1%	70.3%	2.9%	2.8%	11.4%	0.5%
Owner-occ. incl. res. farms	11.6	5.8%	53.4%	16.7%	3.6%	5.8%	19.6%	0.8%
Office and retail	34.0	17.1%	29.6%	41.4%	2.8%	5.8%	20.1%	0.3%
Private residential rental	45.5	22.9%	26.5%	43.0%	2.5%	8.3%	19.5%	0.2%
Private cooperative housing	4.0	2.0%	71.7%	9.2%	0.5%	3.3%	15.1%	0.3%
Other property	4.5	2.3%	49.8%	36.7%	0.6%	1.6%	11.3%	0.0%
Total	199.2	100.0%	22.8%	54.0%	2.8%	4.7%	15.3%	0.4%

*) CIBOR/CITA-based loans

Green loans

DLR launched green loans in 2021 and has regularly extended the criteria for green loans to more types of investment and activities contributing to a better climate and environment. In September 2024, DLR extended the criteria for green loans to include biogas facilities and hydropower plants. At the same time, the possibility of granting green loans for buildings with a grade A2015 energy performance certificate was discontinued, because the EU sustainability taxonomy requires that new buildings constructed after 1 January 2021 are more energy-efficient than the minimum legislative requirements for energy-efficient buildings, equal to a grade A2020 energy performance certificate. The grade A2015 energy performance certificate is the minimum legislative requirement for energy performance in new buildings in Denmark.

At end-2024, outstanding green loans totalled DKK 5.5bn, equal to 2.8 pct. of DLR's total outstanding loans. This is an increase of 0.3 of a percentage point relative to 2023, when green loans amounted to DKK 4.7bn and 2.5 pct. of DLR's total loans.

One of the reasons for the limited interest in raising green loans in 2024 is that DLR – like other Danish mortgage credit institutions – exclusively offers green loans as loans with short refinancing intervals (Green ARM Short bond), while more borrowers are opting for loans with longer refinancing intervals. Moreover, as previously mentioned, the criteria for DLR's green loans have been tightened so that a grade A2020 energy performance certificate is required for new buildings, whereas previously it was sufficient with a grade A2015 certificate. Moreover, investors are only to a very limited extent willing to accept a lower return on the green bonds, which means the borrower has no pricing incentive to opt for green loans instead of conventional loans.

Most of the green loans finance investments in energy-efficient buildings and organic farms. DLR also offers green loans for sustainability-certified forests and investments in sustainable energy sources such as wind turbines, solar power plants and biogas facilities. The criteria for disbursing green loans are to the widest extent possible based on screening criteria in the EU's green taxonomy. The specific criteria are described here: <https://dlr.dk/laan-hos-os/laantyper/>.

ESG disclosures about DLR's loans

Since September 2022, DLR has collected ESG information from customers in connection with their loan application. Since November 2023, DLR has also collected information in connection with customer remortgaging.

Based on the collected ESG responses, DLR implemented a new feature in autumn 2024, where ESG reports display the customer's responses alongside comparison data for the relevant lending segment in DLR. As a result, the reports have become more informative and may be used by DLR to perform a benchmarking of customers and properties. At the same time, it is possible to calculate ESG matters overall for DLR's loan portfolio and for example to track developments in the impact on the climate and the environment and share data with DLR's loan-mediating banks.

The ESG reports also support loan officers and credit officers at the banks in assessing customers' ESG matters. The report on the individual customer may be used as a basis for engaging in dialogue with the customer about the current sustainability matters and considerations about risks and opportunities of a sustainable transition.

CO₂ reduction target and action plan

DLR is focused on reducing CO₂e emissions of its loan portfolio. The reductions are achieved in collaboration with the borrowers and the shareholder banks. DLR also takes part in sector collaboration to develop and improve the underlying data to enable the measurement of CO₂e reductions at the level of the individual farms and property. DLR has published its reduction targets and action plan for achieving the targets in DLR's sustainability report: <https://dlr.dk/en/investor/financial-state-ments/>

Sustainability

In 2024, DLR actively pursued sustainability efforts in several areas, including in relation to DLR's loan-mediating shareholder banks, borrowers and in DLR's own organisation. In its Sustainability Report, DLR annually reports on its work with social responsibility and sustainability, and the report also makes up DLR's statutory report in accordance with section 151 of the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

DLR's Sustainability Report is available on DLR's website under <https://dlr.dk/en/investor/financial-statements/>. The report also includes facts on social issues and corporate governance.

The section 'Target figures and policies for the gender composition of management' in this annual report and in DLR's Sustainability Report also includes the statutory report on DLR's diversity and gender diversity initiatives both on the Board of Directors and at DLR's other management levels in accordance with section 150(1)(viii) of the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

ESG risks

DLR has integrated ESG risks into its risk management framework. DLR's management of ESG risks focuses initially on identifying even more clearly the extent of ESG risks for its customers and the properties put up as collateral for its loans. DLR must then ensure sufficient awareness of ESG risks in its loan portfolio, and finally that ESG risks are reduced.

ESG risks are included in the assessment of overall credit risk in DLR's portfolio. DLR has set targets for the desired risk profile in relation to individual sub-portfolios. Credit risks are monitored in DLR's risk database, and the most significant credit risks are reported in DLR's risk overview. Movements in credit risk relative to the chosen risk tolerance are monitored in the risk database and risk overview.

DLR's Risk and Capital Management Report provides more detailed information on DLR's integration of ESG risks into its risk management framework.

CSRD

In 2024, DLR worked on preparations for the reporting requirements of the Corporate Sustainability Reporting Directive (CSRD). DLR will report for the first time in February 2026 for the 2025 financial year.

As its first step, DLR has prepared a double materiality assessment which highlights DLR's material sustainability risks and opportunities and how DLR affects society in

the area of sustainability. The double materiality assessment was completed in autumn 2024.

Funding

DLR's lending activities are funded exclusively through the issuance of mortgage bonds listed on Nasdaq Copenhagen. Bonds are issued according to the specific balance principle, with financing through issuance of covered bonds (SDO) in a 1:1 ratio between loan and bonds. DLR's funding structure thus reflects the composition of the loan portfolio.

Funding and bond issuance

2024 was characterised by falling short-term interest rates and a stabilisation of long-term interest rates in Denmark at around 4 pct. The declining short-term interest were driven by monetary policy easing in the USA and the EU. The upcoming period is expected to remain characterised by falling policy rates in the eurozone as inflation in the EU stabilizes around the target of 2 pct. per annum.

More DLR bond series

Lending growth in 2024 meant that the volume of DLR's outstanding bonds for mortgage financing increased to DKK 199.2bn, nominally, at the end of the year, not counting senior debt and bonds maturing on 1 January 2025.

All DLR's covered bonds (SDO and RO) meet the so-called UCITS requirements for covered bonds. The SDO bonds also meet the CRD requirements for covered bonds. Moreover, quarterly cover pool reporting at capital centre level ensures that disclosure obligations under CRR article 129(7) are complied with.

The distribution of bonds by type and currency at 31 December 2024 (excluding bonds maturing on 1 January 2025, but including pre-issued bonds in connection with the refinancing of mortgage loans on 1 January 2025) is shown in the table on the next page. The very limited volume of mortgage bonds (RO) is due to DLR not having issued RO bonds since the end of 2007, when DLR started to exclusively issuing mortgage covered bonds (SDO). The limited volume of euro bonds reflect the fact that DLR has not offered euro loans since 2008 and that the majority of loans in euros have been converted into DKK-denominated loans.

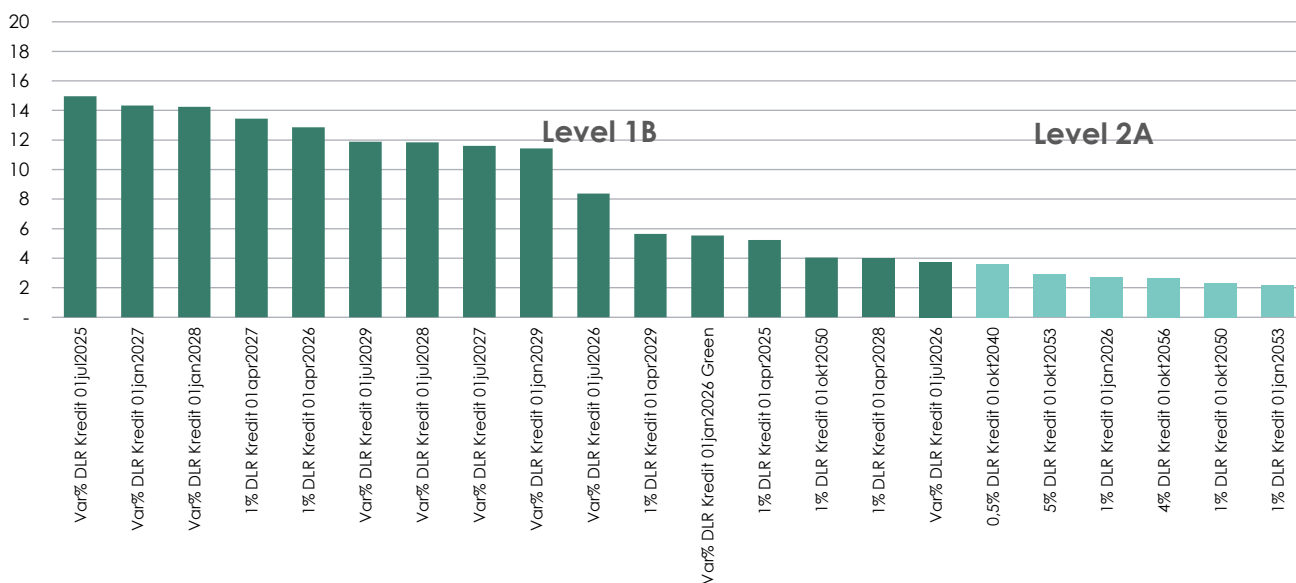
DLR's bonds, end-2024 (nominal) DKKbn

	DKK bonds	EUR bonds	Total
SDO	198.1	0.6	198.7
RO	0.5	0	0.5
Total	198.6	0.6	199.2

Series sizes

Shown below are DLR's largest bond series at the end of 2024. The series meet the LCR requirements of EUR 500m for level 1B assets and EUR 250m for level 2A assets. The largest series are made up of CIBOR-based ARM Short bonds and the longest non-callable bullet bonds. At the beginning of 2025, 84 pct. of DLR's series, measured by outstanding amounts, met the 1B requirement or level 2A requirement for series size.

DLR bond series meeting LCR size requirements, beginning of 2025 (DKKbn)



Bond sales

DLR bonds are tapped as loans and paid out and regularly offered in the primary market to financial institutions, which publish transaction information on Nasdaq Copenhagen. Publication helps ensure transparency in the market for Danish mortgage bonds.

In addition, DLR issues bonds in connection with the refinancing of ARM and ARM Short loans and other short-term interest rate loans.

DLR uses Bloomberg's auction system both for regular sales and to hold refinancing auctions for bonds with shorter maturities than the underlying loans. This helps ensure openness and transparency in the trading of DLR's bonds.

Since 2017, DLR has had Primary Dealer agreements with a number of banks in the Danish market. These agreements remunerate the institutions that actively quote prices for DLR's bonds for a continuous period. These agreements have contributed to strengthening liquidity and thus supporting the continuous pricing of DLR's bonds.

Refinancing of ARM loans

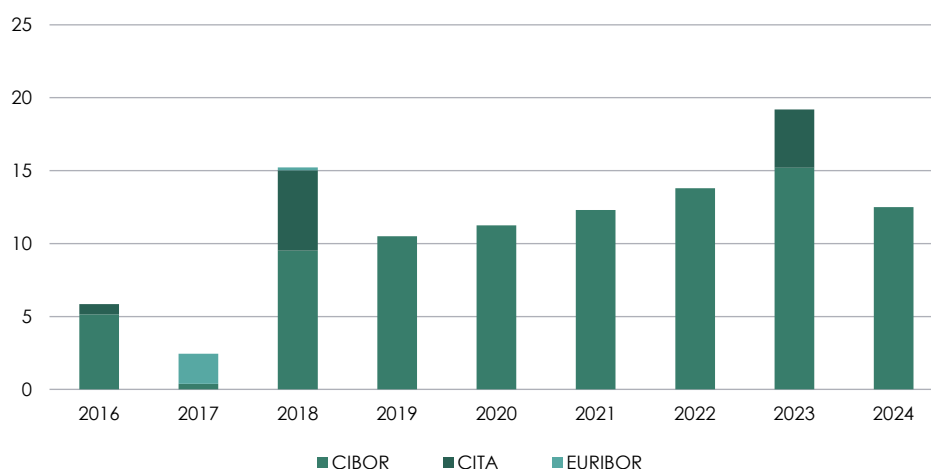
DLR held auctions in February, August and November 2024 in connection with the refinancing of ARM loans per 1 April 2024, 1 October 2024 and 1 January 2025, respectively. There was only a small volume of ARM loans for refinancing at 1 April 2024 because the refinancing of short-term ARM loans was moved from April to January. In step with the switch to other loan types, refinancing volumes of short-term ARM loans have declined steadily in recent years.

Refinancing of floating-rate loans

In May 2024, DLR held refinancing auctions of floating-rate bonds with a nominal supply of DKK 12.4bn in 5-year CIBOR6 bonds. Furthermore, DKK 150m was refinanced in DLR's existing green CIBOR6 bond.

At the beginning of 2025, DLR opted to change the funding of new ARM Short loans from the CIBOR6-jan-2029 to the CIBOR6-jan-2030 series with the aim of ensuring even diversification in the funding of new ARM Short loans in terms of both size and refinancing series.

DLR's refinancing of floating-rate bonds (DKKbn)



Capital and debt instruments

DLR issues loss-absorbing senior debt with a view to meeting the debt buffer requirement and tier 2 capital that forms part of DLR's own funds. DLR's loss-absorbing

senior debt is also included in S&P's ALAC calculation (Additional Loss-Absorbing Capacity). The issues are thus supportive of DLR's issuer rating, cf. the section 'Rating', and can also be used for meeting both regulatory and rating agency overcollateralization requirements and other purposes.

DLR's has tier 2 capital as stipulated in Regulation (EU) No. 575/2013 of the European Parliament and of the Council (CRR), which thus forms part of DLR's own funds. DLR has issued total tier 2 capital of DKK 1.7bn.

DLR's loss-absorbing senior debt consists of Senior Non-Preferred Notes (SNP) issued pursuant to the legislation on creditor hierarchy, which entered into force on 1 July 2018. The loss-absorbing senior debt can be written down or converted into share capital if DLR should become distressed. DLR has previously issued senior secured bonds (SSB) with a view to meeting the requirement for supplementary collateral, but it currently has no outstanding SSBs.

DLR's outstanding capital and debt instruments at end-2024

Type	Amount (DKKm)	Issuance date	Maturity date	Maturity (years)	Reference rate	Rate pre- mium
SNP	1,000	08-06-2021	01-07-2025	4	3M CIBOR	0.67%
SNP	700	15-06-2022	02-07-2026	4	3M CIBOR	1.25%
SNP	300	15-06-2022	02-07-2026	4	Fixed Rate	2.99%
SNP	1,000	20-06-2023	01-07-2027	4	3M CIBOR	2.40%
SNP	1,000	06-06-2024	01-07-2028	4	3M CIBOR	1.90%
Total debt instruments	4,000					
Tier 2	650	14-10-2022	14-10-2032 *	10	3M CIBOR	4.25%
Tier 2**	640	20-11-2024	20-02-2035***	10.25	3M STIBOR	2.85%
Tier 2	400	20-11-2024	20-02-2035***	10.25	3M CIBOR	2.60%
Total capital instruments	1,690					
Total debt and capital instruments	5,960					

*First call-option 14-10-2027

**Issued in SEK (1.000 mil)

*** First call-option 20-11-2029

At year-end 2024, DLR had DKK 4.0bn in outstanding senior debt (SNPs), which was unchanged from the year before. The assessment is that DLR has adequate excess

cover relative to both applicable overcollateralization requirements and requirements for supplementary collateral, but potential changes in overcollateralization requirements are monitored regularly.

Rating

DLR as an issuer and DLR's bonds are rated by S&P Global Ratings (S&P) as follows:

DLR's ratings

Bond rating	S&P
Capital Centre B (SDO)	AAA (stable)
General Capital Centre (RO)	AAA (stable)
General Capital Centre (SNP)	BBB (stable)
General Capital Centre (tier 2)	BBB- (stable)
Issuer rating	
Issuer (Long-Term)	A- (stable)
Issuer (Short-Term)	A-2 (stable)

Since May 2017, DLR has held an issuer rating (Issuer Credit Rating – “ICR”) of A- with a stable outlook. The rating is supported by an ALAC support uplift of +1, which is added to DLR's Stand-Alone Credit Profile (SACP) of BBB+. DLR's covered bonds (SDOs) and mortgage bonds (ROs) have been assigned the highest rating of AAA. Under S&P's Covered Bond rating method, it is possible to obtain a bond rating that is up to nine notches above the ICR. S&P deducts one notch for DLR not committing to a particular overcollateralisation level (voluntary OC). With an ICR of A-, DLR applies only six of the eight remaining notches to achieve the AAA rating and thus has two unused uplifts in its bond rating. This contributes to lowering the overcollateralisation requirement on DLR's capital centres.

S&P's overcollateralisation requirements compatible with the AAA rating have most recently been set at 9.09 pct. for Capital Centre B and 2.5 pct. for the General Capital Centre. The overcollateralisation requirements are met for the nominal bond amount in the capital centre and covered by surplus capital in the capital centres. This is achieved using assets acquired for own capital together with funds obtained by issuing senior debt.

While DLR, as mentioned, has not made any commitment to S&P about maintaining a certain level of overcollateralisation in its capital centres, it has a clear ambition of maintaining its current AAA rating. As S&P's overcollateralisation requirement is dynamic and changes with, for example, changes in asset levels, composition and quality, or due to a change in S&P's criteria or models, the need for additional

collateral may change going forward. DLR therefore aims to maintain a comfortable overcollateralisation buffer in Capital Centre B relative to S&P's overcollateralisation requirements. At the end of 2024, the current overcollateralisation was 12.2 pct. in Capital Centre B and 19.6 pct. in the General Capital Centre, which is 3.0 percentage points and 17.1 percentage points, respectively, higher than S&P's overcollateralisation requirements.

The SNP issues are rated BBB, which is one notch below DLR's SACP. DLR's tier 2 issue is rated BBB-, which is two notches below DLR's SACP.

ESG ratings

The growing interest in society especially for climate and environmentally sustainable matters and for social and governance issues is also reflected among investors and issuers. ESG ratings is a tool with which investors and other stakeholders can assess a company's position with respect to ESG issues.

MSCI, which is a provider of indices and also rates companies in terms of sustainability, has on its own account assigned a rating to DLR on the basis of publicly available information. In October 2021, MSCI upgraded DLR's ESG rating from BBB to AA. In May 2024, MSCI performed a rating action affirming DLR's ESG rating of AA. DLR is working actively to improve the factors underlying the ESG rating.

Risk factors

Risk management

DLR's business model is based on traditional mortgage credit activities. DLR grants loans against a mortgage on real property funded through the issuance of covered bonds, and as a mortgage credit institution, DLR is subject to finely-meshed regulations, covering all important areas of DLR's operations.

DLR carries out a valuation of mortgaged properties and an internal credit assessment of all borrowers. The loan-mediating banks have also provided loss guarantees for the loans granted, and DLR has the opportunity to offset losses in the commissions paid to the banks. These factors generally ensure a limited risk of loss on the loan portfolio.

DLR has two separate and independent functions that together comprise the second line of defence: Risk Management and Compliance. Both departments report to the Executive Board of DLR and have access to report to the Board of Directors.

DLR gives high priority to ensuring that DLR and its customers are not used for money laundering or terrorist financing purposes. DLR's AML officer reports directly to the member of DLR's Executive Board in charge of AML.

DLR's Risk and Capital Management Report provides a detailed description and review of DLR's risks and risk management. The report can be found at DLR's website under <https://dlr.dk/en/investor/financial-statements/>.

Large exposures

Exposures of more than 10 pct. of DLR's tier 1 capital are designated large exposures by regulations. DLR has no exposures that, after deductions, constitute more than 10 pct. of the core capital.

Supplementary collateral

DLR regularly issues covered bonds (SDO). Particularly secure assets are used as collateral for the issued bonds – primarily in the form of mortgages on real property. Continual monitoring is carried out of the market value of the mortgaged properties, as legislation lays down limits that determine the extent to which the mortgaged property can be included as collateral for the issued SDOs relative to the current market value of the properties.

In case of a decrease in the amount of secure assets underlying the issued bonds, e.g. in case of falling prices of the mortgaged properties, to the effect that there is no longer any security for the issued covered bonds, supplementary collateral must be added. Such supplementary collateral must consist of particularly secure assets, such as government bonds, or, up to a certain limit, covered bonds and claims against credit institutions.

At year-end 2024, the supplementary collateral totalled DKK 6.2bn, which is a small increase on 2023, when the collateral provided amounted to DKK 5.9bn.

DLR maintains a buffer of particularly secure assets that may be used as supplementary collateral should the need arise, and monthly monitors developments in the cover pool requirement.

Supervisory Diamond

The Danish FSA has defined a Supervisory Diamond for mortgage credit institutions with indicators of what the FSA generally considers an elevated risk. The Supervisory Diamond for mortgage credit institutions contains five indicators with threshold values for lending growth, borrower interest-rate risk, interest-only option, loans with short-term funding and large exposures. At year-end 2024, DLR complies with all the Supervisory Diamond indicators. See the table below.

In recent years, DLR has identified an increase in the indicator concerning borrower's interest rate risk, which comprises loans for private homes and residential rental properties (the extended residential property segment). The increase was attributable to the fact that a growing share of DLR's customers in the extended residential property segment have raised floating-rate loans with refinancing periods of less than two years. At end 2024, the indicator was calculated at 22.1 pct., which was lower than at end-2023. One of the reasons is that DLR, to mitigate customers' interest rate risk, has encouraged customers to opt for loans with longer refinancing periods. Furthermore, DLR has strengthened the price incentive for customers in the extended residential property segment to opt for loans with longer refinancing periods.

DLR's compliance with the Supervisory Diamond

Supervisory Diamond for mortgage credit institutions	Year-end 2024	Year-end 2023	FSA threshold values
1. Lending growth: Current quarter			
Private homeowners	3.1%	1.5%	<15%
Property rental	7.9%	6.8%	<15%
Agriculture	3.9%	2.4%	<15%
Other corporate	5.9%	6.2%	<15%
2. Borrower's interest rate risk:	22.1%	24.0%	<25%
3. Interest-only loans to private individuals:	1.1%	0.9%	<10%
4. Loans with short-term funding: Quarterly *			
Q1 2024	0.2%		<12.5%
Q2 2024	6.5%		<12.5%
Q3 2024	2.6%		<12.5%
Q4 2024	2.2%		<12.5%
4. Loans with short-term funding: Annually	11.3%	16.0%	<25%
5. Large exposures:	49.6%	40.1%	<100%

* The percentage for the individual quarters is calculated on the basis of the end-of-quarter portfolio, while the annual percentage is calculated on the portfolio at the end of Q4 2024. As a result, the annual percentage does not tally with the sum of the percentage of the individual quarters.

Credit risk

Hedging of credit risk

When a customer applies for a mortgage loan with DLR, a thorough review is performed of the borrower's financial position and the collateral offered in order to identify the credit risk. The review starts by determining the market value of the property to be mortgaged. In Denmark, this is done by DLR's own valuation experts, which, among other things, consider the saleability of the property, its location, condition and ESG matters. The other element is a credit assessment, including a credit scoring of the loan applicant and an assessment of the applicant's ESG factors and risks, which is handled by DLR's credit department. This setup ensures a segregation of functions between the property valuation and the credit assessment.

DLR's credit risk has been further reduced through loss-mitigating guarantee schemes with the loan-mediating banks, who are also DLR's shareholders. The loss-mitigating agreements are explained in the section 'DLR's guarantee concepts' below.

DLR uses IRB models as an integrated element in its ongoing case processing, credit-granting process and risk management.

For more detailed information on credit risk management, reference is made to DLR's Risk and Capital Management Report.

Credit risk developments

As DLR continues to experience growth in lending to the commercial real estate segment, especially for private residential rental properties, its share of commercial real estate loans continues to rise. See the descriptions in the sections 'Lending activity and portfolio'. However, DLR maintains a large loan portfolio for agriculture, and the lending to agriculture has also been increasing in 2024.

Exposures of up to DKK 15m account for 38 pct. of DLR's lending volume, and DLR's portfolio primarily consists of a large proportion of small and medium-sized exposures.

Agriculture

DLR's total lending to agricultural customers encompasses loans for nearly DKK 99.5bn. Of this amount, loans for full-time agricultural customers account for some DKK 87bn. For the portfolio, the past few years have seen a migration towards the better rating categories, reflecting the good cyclical trends in the main production areas and a reduction of outstanding debt for properties with the highest LTV ratios through ordinary mortgage payments.

A little less than 87.3 pct. of loans for agricultural customers are placed within an LTV ratio of 50, and 0.3 pct. above the 70 pct. lending limit.

Business etc.

DLR's total lending to commercial real estate customers etc. amounts to DKK 88bn, of which loans for residential rental properties account for DKK 45.5bn and loans for office and retail properties account for DKK 34bn, as well as DKK 8.5bn to other properties and private cooperative housing.

A little more than 76 pct. of loans for residential rental properties are placed within an LTV ratio of 50, and about 0.6 pct. above the 80 pct. lending limit.

A little more than 89 pct. of loans for office and retail properties are placed within an LTV ratio of 50, and about 0.4 pct. above the 70 pct. lending limit.

Owner-occupied homes

DLR's total lending for owner-occupied homes encompasses loans for a little over DKK 11.6bn.

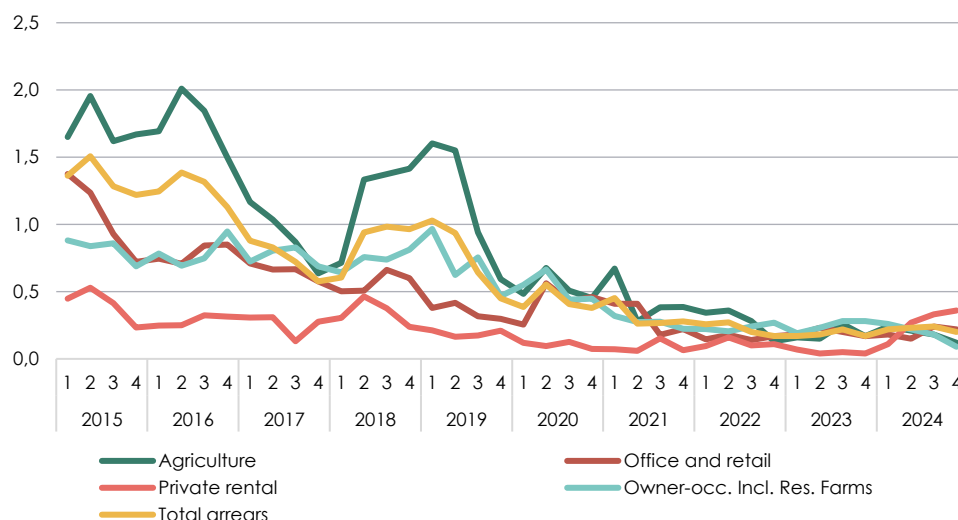
85.4 pct. of loans for owner-occupied homes are placed within an LTV ratio of 50, and about 1.8 pct. above the 80 pct. lending limit.

Arrears, forced sales and impairment

DLR collected mortgage payments totalling DKK 9.7bn in 2024.

At year-end 2024, outstanding mortgage payments amounted to DKK 58m, against DKK 61m the year before. Of the amount in arrears, the bulk stems from mortgage payments that are less than 3½ months overdue.

Overall, the arrears ratio – measured as the percentage of mortgage payments in arrears 3½ months after the due date – was 0.20 pct. in mid-January 2025, which was largely unchanged from January 2024.

3½ months' arrears by property category

The number of completed forced sales of properties in which DLR held a mortgage was 31 in 2024, against 15 the year before. Of these, DLR repossessed four properties in 2024. At year-end 2024, DLR had one repossessed property in the balance sheet that had not yet been sold.

In 2024, DLR furthermore recorded a loss on 14 properties, which were repossessed by parties other than DLR at auction, and DLR participated in seven voluntary sales agreements, etc. that resulted in a loss.

All in all, DLR recorded a loss on 24 properties in 2024, compared with five properties in 2023.

In addition, the loan-mediating banks have in connection with voluntary sales/forced sales redeemed DLR loans or covered losses that would have been covered by guarantees or be offset in commission payments.

Total impairment losses include management overlays due to the situation in Ukraine, rising interest rates, inflation etc. relating primarily to commercial real estate properties and management overlays due to uncertainty relating to the implementation of the agreement on a Green Denmark with a particular focus on nitrogen regulation. DLR believes that risks associated with interest rates and inflation are reduced, although some customers have still not refinanced their loans to the higher level of interest rates. DLR has therefore decided to reduce these management overlays. Furthermore, DLR has established an overlay for uncovered ESG-related climate risks on the commercial business portfolio.

DLR's guarantee concepts

In collaboration with the loan-mediating banks, DLR has established a uniform guarantee concept, which at end-2024 covered 99.2 pct. of DLR's loan portfolio. The uniform guarantee concept contains three elements:

1. An individual guarantee provided by the bank, covering 2 pct. of outstanding debt for the entire term of the loan.
2. Offsetting losses in the commissions paid to the banks for up to ten years for losses not covered by the guarantee.
3. A portfolio guarantee on which drawings are made on all 2 pct. guarantees from a bank in case of loss for offsetting that exceeds the current year's and the following nine years' anticipated commissions to the bank.

Effective 30 June 2024, DLR adjusted the guarantee concept as part of an alignment to the upcoming capital adequacy rules, which will reduce the value of the guarantees. The adjustment entailed a reduction of guarantees for both new and already disbursed loans from 6 pct. to 2 pct. of the loan's outstanding debt. The most important element of the guarantee concept remained the access to offset losses in commission payments to the bank for up to ten years. Moreover, the adjustment also entailed that any loss offsetting, which is not covered in the loss year but carried forward to subsequent years, will be subject to a surcharge. DLR therefore finds that the adjusted guarantee concept in effect offers DLR the same degree of protection as before the adjustment.

The guarantee concept is explained in more detail on pages 31-33 of DLR's Risk and Capital Management Report 2024.

Interest rate risk

As DLR's lending is made subject to the specific balance principle, its interest rate risk arises solely as a consequence of a need to invest DLR's proprietary portfolio, balancing funds and issued capital and debt instruments.

Danish law stipulates that the interest rate risk on the securities portfolio and funds acquired through the issuance of capital and debt instruments may not exceed 8 pct. of own funds. With own funds of DKK 18.2bn at year-end 2024, this equates to a maximum permitted interest rate risk for DLR of DKK 1,453m.

DLR's interest rate risk complies with the Board of Directors' guidelines for overall market risk, whereby the interest rate risk on the securities portfolio (asset side) should be in the range 0-2.5 pct. of DLR's own funds, which equates to between DKK 0 and 454m.

At the end of 2024, the interest rate risk on DLR's securities portfolio was DKK 235m. Interest rate risk expresses the amount that DLR at the end of 2024 should expect as a price adjustment in the event of a shift in market rates of 1 percentage point. The relative interest rate risk can be calculated at 1.3 pct. based on the own funds at year-end 2024.

The interest rate risk on issued capital and debt instruments (liabilities) – i.e. tier 2 and Senior Non-Preferred Notes – is calculated at DKK 17m at end-2024, or 0.1 pct. of DLR's own funds.

Liquidity risk

DLR's use of the specific balance principle means payments on loans and issued bonds closely track each other (match funding).

DLR's liquidity risk primarily concerns the risk that DLR cannot provide liquidity to cover the ongoing liquidity needs, such as the payment of interest and redemptions to bond owners, the disbursement of loans and the operational running of DLR.

DLR has determined a number of indicators for a potential liquidity crisis situation:

- Diminished selling opportunities for DLR's bonds
- Large increases in arrears
- Large increases in losses and impairment.

CRR/CRD IV established requirements – see section 8 (10) of the Danish Executive Order on Management and Control of Banks, etc. – for the calculation and assessment of liquidity and liquidity risk. DLR therefore prepares a separate annual liquidity report (ILAAP – Internal Liquidity Adequacy Assessment Process), along the lines of a solvency need assessment (ICAAP – Internal Capital Adequacy Assessment Process). The ILAAP is approved by DLR's Board of Directors prior to submission to the Danish FSA.

LCR and Pillar II liquidity add-on

In the LCR calculation, DLR's holding of eligible liquid assets (HQLA) are set in relation to DLR's net liquidity outflow (next 30 days)

The Pillar II liquidity add-on is accumulated and calculated on the basis of three elements; outflows concerning unknown arrears, outflows concerning unknown open remortgaging and outflows concerning refinancing.

Liquid assets to cover the Pillar II liquidity requirement must be of the same quality as under the LCR requirement.

DLR's internal requirement for both LCR and the Pillar II liquidity add-on has been set at a minimum of 110 pct. relative to the minimum regulatory requirement of 100 pct.

To optimise the use of HQLA, DLR consistently maintains a level of 110 pct. Excess HQLA is then used as supplementary collateral and/or overcollateralisation requirements.

NSFR

The NSFR requirement (Net Stable Funding Ratio) includes a possible exception for "mutually dependent" assets and liabilities, which in practice exempts mortgage lending and issued bonds from the NSFR calculation (12 months ahead).

At end-2024, DLR's NSFR was calculated at 164 pct.

LCR and NSFR are explained in DLR's report on Risk and Capital Management.

Exchange rate risk

Owing to the specific balance principle and very modest loans in EUR, DLR assumes only a minimal exchange rate risk. Moreover, DLR has issued for SEK 1bn in tier 2 capital, the proceeds of which have been placed in a bond issue in Swedish kroner with nearly the same characteristics to minimise the exchange rate risk.

The exchange rate risk, calculated according to the Danish FSA's indicator 1, may not exceed 8 pct. of tier 1 capital according to DLR's internal limit. Calculated according to indicator 1, DLR's exchange rate risk amounted to 1.5 pct. of the tier 1 capital at the end of 2024.

According to Danish law, exchange rate risk calculated according to the Danish FSA's indicator 2 may not exceed 0.1 pct. of own funds. Calculated according to indicator 2, DLR's exchange rate risk amounted to 0.002 pct. of own funds at the end of 2024.

Equity risk

DLR generally does not place funds in equities apart from "sector equities". At the end of 2024, DLR's equity holdings consisted of unlisted shares in e-nettet A/S and amounted to DKK 46.5m. DLR is thus exposed to limited equity risk.

Operational risk

Operational risk is the risk of loss resulting from inappropriate or deficient internal procedures, IT risks including cyber threats, human or system error, or from external events, including legal risk. DLR constantly strives to minimise operational risk, and the extent thereof is assessed to be limited because DLR exclusively conducts mortgage lending business.

DLR regularly collects and registers data on events above a certain threshold limit. The collection of data is undertaken to obtain an overview of the events and to prevent any future repetitions. Risks are also mitigated by insurance coverage where relevant.

DLR uses the basic indicator method to calculate operational risk. According to this method, the risk exposure amount for operational risk amounts to DKK 3.5bn. At year-end 2024, that equates to a capital need of DKK 277m to cover the 8 pct. requirement.

Cyber security risk

To improve cyber resilience, DLR is working with public authorities and other financial institutions. DLR participates, among other things, in the Nordic Financial CERT sector cooperation and in the FSOR cooperation managed by Danmarks Nationalbank.

Overall, the cyber threat to DLR is assessed to be high, but not as high as for the financial sector in general. In particular, the threat of cybercrime against DLR, for example through ransomware attacks, is significant, but is countered by a strong defence that brings the risk of a successful cyber attack within DLR's risk tolerance.

To verify its protection level and enhance resilience in case of any weaknesses, DLR performs regular threat-based tests to obtain an actual overview of strengths and weaknesses in our defence. Overall, the latest test in 2024 showed that DLR has effective protection against an external cyber attack. The test recommendations are continuously incorporated into DLR's protective measures.

DORA

On 17 January 2025, the Digital Operational Resilience Act (DORA) entered into force across the EU. DORA aims to strengthen the digital resilience of the financial sector to ICT risks (risks related to information and communication technology). DORA is based on the recognition that the use of information and communication technologies supports all economic activity. Increased digitalisation and integration therefore reinforce vulnerability to cyber threats and IT disruptions in society in general and the financial sector in particular.

In order to achieve an adequate level of digital resilience, DORA sets out a number of requirements for network and information systems that support the business processes of financial companies. Overall, DORA sets requirements for financial companies' management of ICT risks - including requirements for reporting incidents, testing of digital resilience and requirements for the control framework for IT services provided by third parties.

Internal control and risk management systems connected with financial reporting

The Board of Directors, the Audit Committee and the Executive Board have the overall responsibility for DLR's financial reporting, including compliance with relevant legislation and other regulations related to financial reporting.

The financial reporting process has been planned with a view to minimising the risk of errors and omissions in the financial statements.

Control environment

The Executive Board regularly assesses DLR's organisational structure and staffing in key areas, including those related to the financial reporting process. The Board of Directors, the Audit Committee and the Executive Board determine and approve general policies, procedures and controls in key areas of the financial reporting process.

The foundation for this is a clear organisational structure, well-defined reporting lines, authorisation and certification procedures, and appropriate segregation of people and functions. In accordance with legislative requirements, the Board of Directors has established an internal audit function that reports to the Board of Directors. The internal audit function audits processes and internal control procedures in significant and material risk areas in accordance with an audit strategy approved by the Board. Business procedures and controls have been prepared for all important and material risk areas, including areas that influence the financial reporting process.

The Accounting and Finance Department is responsible for DLR's overall financial management and reporting as well as financial statements, including the responsibility for ensuring that financial reporting follows established principles and complies with applicable legislation.

The Accounting and Finance Department has established a reporting process that encompasses budget reporting and monthly earnings reports, including deviation reports with quarterly updates to the year's budget.

Monitoring

The Audit Committee receives regular reports from the Executive Board as well as from internal and external auditors on compliance with defined guidelines, business procedures and regulations.

Data ethics policy

In October 2024, DLR updated its data ethics policy. The policy contains the framework for DLR's data ethical principles and covers the following areas:

- DLR's processing of customer data
- Openness and transparency about DLR's processing of customer data
- Procurement of data
- DLR's focus on the community
- Data processing by third parties
- Compliance within DLR and training of employee skills

DLR's data is available on DLR's website under <https://dlr.dk/governance/>.

Management and administration

DLR's Board of Directors

The Board of Directors decides matters that are strategic or principle in nature, including determining DLR's business model, policies and guidelines, etc. including regarding DLR's risk tolerance on significant risk areas. The division of work and responsibilities between the Board of Directors and the Executive Board is specified in the policies and guidelines laid down by the Board of Directors.

The AGM-elected Board members were elected from among the members of the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark and from among the members of National Banks in Denmark. In addition, DLR employees have elected employee representatives to the Board of Directors.

Members of the Board of Directors elected by the Annual General Meeting are elected for one year at a time and may stand for re-election. Employee representatives are elected for a four-year period and may stand for re-election. The next election of employee representatives will take place in 2025.

At the end of 2024, DLR's Board of Directors consisted of the following members:

Elected at the General Meeting

- Vagn Hansen (chairman), Managing Director & CEO, Sparekassen Danmark
- Carsten Levring Jakobsen (vice chairman), Managing Director, Spar Nord Bank A/S
- Claus Andersen, General Manager, Ringkjøbing Landbobank A/S
- Ole Beith, Managing Director, Sparekassen Thy
- Frank Mortensen, Deputy CEO, A/S Arbejdernes Landsbank
- Lars Petersson, Managing Director & CEO, Sparekassen Sjælland-Fyn A/S
- Deputy Group Chief Executive Stig Westergaard, Sydbank A/S

Employee representatives

- Lars Faber, IT Operations Manager
- Head of Business Development and Communications Randi Holm Franke
- Jakob G. Hald, Head of Kompetencecenter Kredit

The Board of Directors had ten members at the end of 2024, of whom seven were elected at the Annual General Meeting (AGM), while three were elected by the employees. At the Annual General Meeting on 25 April 2024, Stig Westergaard was elected as a member of the Board of Directors to replace Deputy Group Chief Executive Bjarne Larsen. The remaining six Board members elected by the Annual General Meeting were all re-elected. Managing Director Carsten Levring Jakobsen resigned from the Board of Directors on 9 January 2025. On 16 January 2025, the Board of Directors appointed Deputy Group Chief Executive Stig Westergaard as the new vice chairman.

Board committees

Four committees have been set up under DLR's Board of Directors to monitor specific areas or prepare matters to be discussed by the Board as a whole.

Managing Director Carsten Levring Jakobsen stepped down from the Risk Committee, the Nomination Committee and the Remuneration Committee on 9 January 2025. On 16 January 2025, Deputy Group Chief Executive Stig Westergaard was appointed to the Risk Committee and the Remuneration Committee.

Audit Committee

The tasks of the Audit Committee include the supervision of the financial reporting process and other accounting and auditing matters, including whether DLR's internal control systems and internal audit and risk management systems in the area of accounting and auditing function effectively. The Audit Committee furthermore monitors that the Executive Board responds effectively to any vulnerabilities and/or deficiencies and that initiatives agreed in relation to strengthening risk management and internal controls in the area of accounting and auditing – including in relation to the financial reporting process – are implemented as planned.

The work of the Audit Committee does not change relative to the responsibilities or authorities of the Board of Directors. The combined members of the Board of Directors are responsible for monitoring DLR's financial reporting process and other

accounting and auditing matters, but the work of the Committee is an important aspect of the preparatory work.

At year-end 2024, DLR's Audit Committee had three members – General Manager Claus Andersen (chairman), Deputy CEO Frank Mortensen and Head of Business Development and Communications Randi Franke. The internal and external auditors also participate in Audit Committee meetings.

The Audit Committee met five times in 2024.

Risk Committee

The Risk Committee helps ensure that DLR's Board of Directors has the necessary foundation to address, manage, supervise and reduce the risks that DLR is or may be exposed to. DLR's Risk and Capital Management Report provides more details on relevant types of risk.

As such, the Risk Committee must maintain a comprehensive view of the risks associated with DLR's activities. This is accomplished by performing an analysis of the risks associated with DLR's business model as a mortgage credit institution and ongoing monitoring of DLR's most significant risks, based in part on DLR's risk register. With respect to DLR's risk situation, the Risk Committee reviews and has a preparatory role in the Board of Directors' approach to important policies and guidelines, the determination of the adequate own funds and the solvency need, etc.

The work of the Risk Committee does not change relative to the responsibilities or authorities of the Board of Directors. The combined members of the Board of Directors are responsible for managing DLR's risk, but the work of the Committee is an important aspect of the preparatory work.

At year-end 2024, the Risk Committee had three members: Managing Director Ole Beith (chairman), Managing Director Carsen Levring Jakobsen and Head of Kompetencecenter Kredit Jakob G. Hald. In addition, Torben Thorgaard, the head of Risk Management, regularly participates in the meetings of the Risk Committee.

The Risk Committee held five meetings in 2024.

Nomination Committee

The task of the Nomination Committee is to ensure that DLR's Board of Directors has the necessary level of knowledge and experience. The Committee nominates new board members and evaluates the competencies represented on the Board, etc. In addition, the Committee ensures diversity is considered in the composition of DLR's Board of Directors and that targets are set for the underrepresented gender.

The Nomination Committee consists of DLR's entire Board of Directors. The chairman was Managing Director & CEO Vagn Hansen, while Managing Director Carsten Levring Jakobsen was vice chairman at end-2024.

The committee held two meetings in 2024.

Remuneration Committee

The Remuneration Committee undertakes preparatory work in relation to the Board of Directors' decisions, knowledge and controls with respect to remuneration. In addition, the Committee maintains the overview of DLR's material risk takers.

At year-end 2024, the Remuneration Committee consisted of three members – Managing Director & CEO Vagn Hansen (chairman), Managing Director Carsten Levring Jakobsen and Head of Kompetencecenter Kredit Jakob G. Hald.

The committee held three meetings in 2024.

Other directorships held by the Board of Directors

Vagn Hansen (Chairman), Managing Director & CEO, Sparekassen Danmark

- Chairman of the board of directors of Egnsinvest Holding A/S as well as two subsidiaries
- Member of the board of directors of Sparekassen Danmark Fonden Vendsyssel

Carsten Levring Jakobsen (Vice Chairman), Managing Director, Spar Nord A/S (resigned from the board on January 9, 2025)

- Member of the board of directors of Aktieselskabet Skelagervej 15

Claus Andersen, Managing Director, Ringkjøbing Landbobank A/S

- Chairman of the board of directors of Sæbygaard Skov A/S
- Member of the board of directors of The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Lokale Pengeinstitutter)
- Member of the board of directors of the Education Fund under The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Lokale Pengeinstitutter)
- Member of the board of directors of BOKIS A/S

Ole Beith, Managing Director, Sparekassen Thy

- Member of the board of directors of Finanssektorens Uddannelsescenter
- Member of the board of directors of Skanderborg Park P/S
- Member of the board of directors of Finance Denmark
- Member of the board of directors of The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Lokale Pengeinstitutter)
- Member of the board of directors of the Education Fund under The Association of Local Banks, Savings Banks and Co-Operative Savings Banks in Denmark (Lokale Pengeinstitutter)
- Member of the board of directors of Stenbjerg fonden
- Member of the board of directors of Krone Kapital A/S
- Member of the board of directors of FR I af 16. september 2015 A/S
- Executive, Krone Kapital A/S
- Co-owner of Gesten Møllelaug I/S

Frank Mortensen, Deputy CEO, A/S Arbejdernes Landsbank

- Vice chairman of Nærpension
- Member of the board of directors of AL Finans A/S
- Member of the board of directors of Ejendomsselskabet Sluseholmen A/S
- Member of the board of directors of Sluseholmen 7 A/S
- Member of the board of directors of Sparinvest Holding SE

Lars Petersson, Managing Director and CEO, Sparekassen Sjælland-Fyn A/S

- Member of the board of directors of Holbæk Alliancen
- Member of the board of directors of Impagt Invest Sjælland A/S
- Member of the board of directors of Ejendomsselskabet Sjælland-Fyn A/S
- Member of the board of directors of Investeringselskabet Sjælland-Fyn A/S
- Member of the board of directors of BI Holding A/S
- Member of the Board of Directors of Bankdata
- Member of the Board of Directors of Lucerna Fonden

Stig Westergaard, Deputy Group Chief Executive, Sydbank A/S (vice-chairman from January 16, 2025)

- Vice chairman of the board of directors of Syd Administration A/S
- Member of the board of directors of Ejendomsselskabet af 1. juni 1986 A/S
- Member of the board of directors of Coop Bank

Executive Board

Jens Kr. A. Møller, Managing Director & CEO, MSc. (Economics)

Pernille Lohmann, Managing Director, MSc. (Economics)

Directorships held by the Executive Board

Jens Kr. A. Møller, Managing Director & CEO

- Member of the board of directors of e-nettet A/S
- Member of the board of directors of FR I af 16. september 2015 A/S
- Director, Finance Denmark (Finans Danmark) and the Association of Danish Mortgage Banks (Realkreditrådet)

- Member of Danish Agriculture and Food Council's, sector board for Business Finance & Management.
- Member of the board of directors of Klimaskovfonden

Pernille Lohmann, Managing Director

- Member of the board of directors of The Association of Danish Mortgage Banks (Realkreditrådet)
- Personal alternate for Jens Kr. A. Møller on the board of Finance Denmark
- Expert member of the executive committee and board of the Danish Agriculture and Food Council
- Expert member of the Company Appeals Board
- Board member of the Løvenholm Foundation (from January 1, 2025)

Executive Staff

Executive Board Secretariat

Klaus Kristiansen, Senior Vice President, MSc (Economics)

Mortgage loans

Bent Bjerrum, Deputy Director, MSc (Agriculture)

Accounting & Finance

Accounting and Finance Director, MSc (Finance and Accounting) Lars Ewald Madsen

Capital, Securities & Funding

Senior Vice President, MSc (Economics) Lars Blume-Jensen

IT

Peter Pihlsbech Rasmussen, IT Director, MSc (Economics)

Model and Data Innovation

Anette Rom, Head of Model and Data Innovation, MSc. (Economics)

Business Development & Valuation

Steen Pedersen, Senior Vice President, HD Diploma in Finance

HR

Mette Bagge-Petersen, Head of HR, HD Diploma in Informatics & Financial Management, coach, IPMA-B

Risk management

Torben Thorgaard, Head of Risk Management, MSc. (Economics)

Compliance

Søren Jensen, Attorney, Head of Compliance

Internal Audit

Chief Internal Auditor, MSc (Business Administration, Accounting and Auditing) Brian Houmann Hansen

Employees

DLR had on average 245.5 permanent FTE employees in 2024. In addition, DLR on average had 22 agricultural valuation experts attached to the company on a fee basis. In 2023, DLR employed on average 234 permanent employees and 23 on a fee basis.

At DLR, there is a focus on well-being, work environment, and professionalism. It is important for us that employees thrive and can find the right balance in their daily lives. Employees are central to solving the many different tasks in the organization. DLR's goal is to create value and ensure quality through a high degree of professionalism and good collaboration. For further information, please see our sustainability report, which is found on our website under <https://dlr.dk/en/investor/financial-statements/>.

Target figures and policies for the gender composition of management

The Board of Directors has adopted a policy and defined targets for gender diversity to promote gender diversity on the Board of Directors and at the other management levels.

For the Board of Directors, the targets are defined for the AGM-elected board members. Other management levels include the registered Executive Board and the executive team reporting to the registered Executive Board.

Gender diversity on the Board of Directors

DLR will work towards a more equal gender distribution on DLR's Board of Directors with the aim of ensuring that no gender represents more than 60 pct. of the members of the Board of Directors.

When assessing potential candidates for DLR's Board of Directors, the board attaches importance to the nominated candidates being at all times the most suitable irrespective of gender, ethnicity, religious affiliation, etc., as well as that the candidate can meet the requirements of the Financial Supervisory Authority for suitability and integrity. Moreover, the Board of Directors must ensure that the requirement that DLR's Board of Directors maintains the necessary knowledge and experience with respect to the company's principal risk areas is met.

In accordance with DLR's shareholder agreement, the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark and the National Banks in Denmark nominate board members for election at the general meeting. The shareholder agreement does not define gender targets for the nomination by the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark and the National Banks in Denmark of members to DLR's Board of Directors.

When nominating candidates, DLR asks that, in addition to meeting the requirements regarding qualifications, the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark should also observe the Board of Directors' policy and targets for gender diversity on the Board of Directors. If two candidates are deemed to be equally qualified, the Nomination Committee will propose the candidate representing the under-represented gender.

The nominated candidates for DLR's Board of Directors are typically members of the executive boards of local or national banks in Denmark. In in these banks the executive board members are predominantly male, which affects the composition of the

AGM-elected members of DLR's Board of Directors, which at end-2023 counted seven men.

The Board of Directors has defined a target that, by 2027 at the latest, one of the AGM-elected members of the Board of Directors will be a female member.

Gender diversity at other management levels

Based on specific initiatives, DLR regularly seeks to ensure increased gender diversity at the other management levels of the organisation. By other management levels is meant the Executive Board (two members) and the group of function managers (seven members).

The specific initiatives include:

- Making DLR more attractive by drawing up a staff policy that promotes equal career opportunities regardless of gender.
- Ensuring additional clarity and transparency in recruitment procedures that may contribute to identify management talents of either gender so that there will be both female and male candidates are available for in-house or external recruitment.
- Enhancing transparency with respect to job flexibility opportunities for both men and women.
- Focusing on career development plans that contribute to identifying management talents of both genders and ensure that employees, regardless of gender, experience that they have the same career opportunities and equal access to management positions at DLR.

Activities are conducted with due consideration to the principal requirement for employment at DLR; that DLR at all times recruit the best qualified and – for the organisation – the best suited candidate for a management position irrespective of gender, ethnicity, religious affiliation, etc. If more candidates are equally qualified, DLR will recruit the candidate representing the under-represented gender.

In terms of number, the other management levels represent a limited group of currently nine persons. In the opinion of the Board of Directors, DLR must work towards an equal gender distribution. Gender equality means that no gender constitutes more than 60 pct. of the representation. Recognising that the goal of gender equality cannot be achieved without short-term reshuffling of management, the Board of Directors sets a target figure for the under-represented gender at the other management levels of at least 30 pct. for the next four years.

Gender diversity and targets

Gender diversity	2024	2023
Supreme governing body		
AGM-elected members	7	6/7
Under-represented gender (%)	0	0
Target (%)	14	14/17
Year of target achievement	2027	2027
Employee-elected members	3	3
Under-represented gender (%)	33	33
Other management levels (Executive Board and function managers)		
Total number of members	9	9
Under-represented gender (%)	22	22
Target (%)	30	30
Year of target achievement	2027	2027
Executive Board		
Total number of members	2	2
Under-represented gender (%)	50	50
Target (%)	-	-
Year of target achievement	-	-
Function managers		
Total number of members	7	7
Under-represented gender (%)	14	14
Target (%)	-	-
Year of target achievement	-	-

Financial statements 2024

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Bogmærke er ikke defineret.	
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Income statement and statement of comprehensive income (DKKm)

Note		2024	2023
1	Interest income	7,958	6,866
2	Interest expenses	-5,441	-4,426
	Net interest income	2,517	2,439
	Fees and commission income	202	222
	Fees and commission paid	-799	-782
	Net interest and fee income	1,920	1,879
3	Market value adjustments	179	288
	Other operating income	7	1
4-10	Staff costs and administrative expenses	-396	-348
	Depreciation and impairment of property, plant and equipment	-3	-2
	Other operating expenses	-17	-22
11	Impairment of loans, advances, receivables, etc.	-36	1
	Profit before tax	1,655	1,797
12	Tax	-433	-450
	Profit after tax	1,222	1,347
	Appropriation of profit		
	Proposed dividends on shares owned by parties other than DLR	750	750
	Proposed dividends on DLR's holding of treasury shares	66	66
	Transferred to undistributable reserve	44	17
	Transferred to retained earnings	362	514
	Total amount appropriated	1,222	1,347
	Statement of comprehensive income		
	Profit after tax	1,222	1,347
	Property revaluations	0	15
	Tax on property revaluations for the year	0	-4
	Comprehensive income after tax	1,222	1,358

Balance sheet

(DKKm)

Note		2024	2023
	Assets		
	Cash balance and demand deposits with central banks	2,479	2,450
13	Due from credit institutions and central banks	167	183
14-21	Loans, advances and other receivables at fair value	193,623	181,956
15	Loans, advances and other receivables at amortised cost	4	5
22	Bonds at fair value	9,630	7,783
	Shares etc.	46	46
23	Land and buildings, domicile properties	149	150
	Other property, plant and equipment	6	6
	Leasing assets	0	0
	Current tax assets	49	0
	Assets held temporarily	0	0
24	Other assets	369	283
	Prepayments	30	28
	Total assets	206,552	192,890
	Equity and liabilities		
25	Issued bonds at fair value	180,677	168,011
26	Issued bonds at amortised cost	3,995	3,995
	Current tax liabilities	0	13
27	Other liabilities	2,523	2,400
	Deferred income	3	0
	Total liabilities	187,198	174,419
28	Provisions for deferred tax	38	24
	Total provisions	38	24
29	Subordinated debt	1,694	1,298
	Total subordinated debt	1,694	1,298
30	Share capital	570	570
	Revaluation reserve	86	86
	Undistributable reserve	2,399	2,355
	Retained earnings etc.	13,750	13,322
	Proposed dividends on shares owned by parties other than DLR	750	750
	Proposed dividends on DLR's holding of treasury shares	66	66
	Total equity	17,622	17,149
	Total equity and liabilities	206,552	192,890
31	Off-balance sheet items		
	Guarantees	0	0
	Contingent liabilities (loan offers, other contingent liabilities, etc.)	12,068	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 2)	Retained earnings	Total
2023						
Equity at 1 January	570	75	2,338	0	12,808	15,791
Profit for the year	0	0	17	816	514	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	816	13,322	17,149
2024						
Equity at 1 January	570	86	2,355	816	13,322	17,149
Distributed dividends on shares owned by parties other than DLR	0	0	0	-750	0	-750
Distributed dividends on DLR's holding of treasury shares	0	0	0	-66	66	0
Profit for the year	0	0	44	816	362	1,222
Equity at 31 December	570	86	2,399	816	13,750	17,622

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 December 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. In addition, there is a portfolio of bonds secured by own shares with a market value of DKK 251m.

2) Proposed dividend is a gross amount of DKK 816m. As DLR owns 8.1 pct. of the share capital, the distribution of dividends to external shareholders will amount to DKK 750m.

Capital and solvency

(DKKm)

Capital and solvency (DKKm)	2024	2023
Equity	17,622	17,149
Result etc. that cannot be recognized in core capital	0	0
Proposed dividends on shares owned by parties other than DLR	-750	-750
Deduction of bond holdings secured by own shares	-290	-282
Deductions as a consequence of prudent valuation	-23	-23
Deductions as a consequence of non-performing exposures	-24	-11
Difference between expected losses and impairment losses	-63	-40
Common equity tier 1 capital	16,471	16,044
Subordinated capital (tier 2 capital)	1,694	1,298
Deductions from tier 2 capital	0	0
Own funds	18,165	17,342
Risk-weighted exposure with credit risk etc.	70,210	66,475
Risk-weighted exposure with market risk	2,911	2,682
Risk-weighted exposure with operational risk	3,460	3,001
Total risk-weighted exposure	76,581	72,158
Common equity tier 1 capital ratio	21.5%	22.2%
Total capital ratio	23.7%	24.0%

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Notes – Income statement

(DKKm)

Note		2024	2023
1	Interest income		
	Due from credit institutions and central banks	15	12
	Positive interest loans and advances	5,676	4,633
	Contributions	1,967	1,927
	Bonds	764	682
	Other interest income	78	85
	Total	8,501	7,338
	Interest on own mortgage bonds offset against interest on issued bonds	-543	-472
	Total	7,958	6,866
	Of which interest income from reverse repo transactions	0	0

Interest income 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	2024	2023
	Credit institutions and central banks	0	0
	Issued bonds at fair value	-5,674	-4,633
	Issued bonds at amortised cost	-207	-177
	Subordinated debt	-97	-89
	Other interest expenses	-5	0
	Total	-5,984	-4,898
	Interest on own mortgage bonds offset against interest on issued bonds	543	472
	Total	-5,441	-4,426
	Of which interest expenses on repo transactions	0	0

DLR has not issued mortgage loans with reserve fund shares.

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			
3	Market value adjustments	2024	2023
	Mortgage loans *	1,804	4,607
	Bonds	170	298
	Shares etc.	0	1
	Foreign currency	0	1
	Derivative financial instruments **	8	-12
	Other assets	0	1
	Issued mortgage bonds *	-1,804	-4,607
	Total	179	288

* 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.

4	Staff costs and administrative expenses	2024	2023
	Staff costs		
	Salaries	-216	-188
	Pension costs	-20	-18
	Social security costs	-41	-31
	Total	-278	-238
	Other administrative expenses		
	IT expenses	-53	-52
	Audit, financial supervision and industry association	-17	-11
	Other expenses	-49	-47
	Total	-118	-110
	Total staff costs and administrative expenses	-396	-348

DLRs remuneration policy is available at <https://dlr.dk/governance/>

In addition to the above-mentioned expenses of DKK 396m, depreciation was charged on various assets (separate accounting item) after which expenses for staff, administration and depreciation amounted to DKK 399m in 2024 and DKK 350m in 2023.

Note**5 Remuneration of members of the Executive Board****2024****2023****Total remuneration Executive Board****8.3****7.9****The remuneration may be specified as follows:**

Fixed remuneration

8.3

7.9

Variable remuneration

0.0

0.0

Total**8.3****7.9**

Number of members of the Executive Board at year-end

2

2

The Company has reserved DKK 4.3m in pension obligations for 2 persons in the above group of persons.

Members of the Executive Board do not receive variable remuneration or other incentive pay, and the remuneration for the individual members of the Executive Board is shown at <http://www.dlr.dk/en/investor/about-dlr/organisation/>.

6 Remuneration of members of the Board of Directors ***2024****2023****Board of Directors**

Fixed remuneration

2.0

2.0

Variable remuneration

0.0

0.0

Total**2.0****2.0**

Number of members of the Board of Directors at year-end*

10

9

*The remuneration for the individual members of the Board of Directors is shown at <http://www.dlr.dk/en/investor/about-dlr/organisation/>.

Members of the Board of Directors receive only a fixed remuneration, and there is no share allotment or other form of incentive pay.

In November 2023 Bjarne Larsen resigned from the board.

Stig Westergaard joined the board in April 2024.

Note

7	Information regarding employees, other than the Executive Board and Board of Directors, influencing the risk profile *	2024	2023
	Employees other than the Executive Board and the Board of Directors influencing the risk profile		
	Fixed remuneration	27.3	24.9
	Variable remuneration	0.0	0.0
	Total	27.3	24.9
	Number of employees who have influenced the risk profile		
	Number of employees who have influenced the risk profile during the year	21	20
	- Of which employees retired during the year or who are no longer considered material risk takers	1	4
	Number of employees influencing the risk profile at year-end	20	16

The Company has reserved DKK 4m in pension obligations for 6 persons in the above group of persons.

*The statement includes employees who have been elected to the board as employee representatives.

8	Loans and loan offers provided to members of the Executive Board and the Board of Directors	2024	2023
	Executive Board		
	Loans etc.	0	0
	Offer	0	0
	Board of Directors:		
	Loans etc.	3	3
	Offer	0	0

Executive Board: No loans (2023: No loans)

Board of Directors: There is one loan to a member of the Board of Directors. This is a fixed-rate loan with a 30Y maturity offered on market terms when the loan was granted. The loan carries interest of 1 pct. with an administration margin of 0.6 pct.

DLR has not pledged any assets as collateral or provided other collateral or assumed any off-balance sheet liabilities on behalf of any member of the Executive Board or the Board of Directors or their related parties.

Exposures with related parties are granted on ordinary business terms and on an arm's length basis at current market rates.

DLR's related parties solely comprise the Executive Board and the Board of Directors and their related parties.

The interest rates (incl. administration margins) relate to different loan types based on different mortgage bonds / SDOs.

No impairment losses have been recognised on exposures with the Executive Board or the Board of Directors.

Note

9	Audit fees	2024	2023
	Statutory audit of the financial statements	1.7	1.4
	Other assurance engagements	0.2	0.4
	Tax services	0.1	0.0
	Other services *	0.3	0.0
	Total	2.3	1.8

The fee for non-audit services provided by EY relate to reports issued by DLR in its capacity as a financial business, tax services and a number of other advisory services.

* Other services DKK 0.3m consist of expenses for the DORA presentation DKK 37t, review of the LGD calculation DKK 156t, and consulting on CSRD implementation DKK 89t.

10	Number of employees	2024	2023
	Average number of employees in the financial year converted into FTEs*	245	234
	Total	245	234

* In addition to its 245 FTEs, DLR has 22 associated agricultural valuation experts (2023: 22), who perform valuations for DLR in connection with lending against agricultural property. Agricultural valuation experts are paid a combination of a fixed remuneration and a variable fee depending on the number and scope of valuation assignments performed for DLR. Fees paid to agricultural valuation experts are included in "Staff costs".

11	Impairment of loans, advances, receivables, etc.	2024	2023
	Losses in the period *	-6	3
	Amounts received on claims previously written off	2	2
	Adjustment of acquired properties	-25	0
	Impairment losses in the period	-106	-142
	Reversal of impairment losses	95	137
	Losses offset against commission payments to banks	5	1
	Total	-36	1

* 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.

Note		2024	2023
12	Tax		
	Tax (DKKm)		
	Applicable tax rate for "Profit before tax"	-430	-453
	None-taxable income and non-deductible expenses	0	-1
	Adjustment of prior-year tax charge	-3	4
	Total	-433	-450
	Tax (effective tax rate)		
	Current tax rate	26.00%	25.20%
	Non-taxable income and non-deductible expenses	0.00%	0.03%
	Adjustment of prior-year tax charge	0.18%	-0.20%
	Effective tax rate	26.18%	25.03%

Notes - Assets

(DKKm)

Note		2024	2023
13	Due from credit institutions and central banks		
	Due from credit institutions	167	183
	Total amount due from credit institutions and central banks	167	183

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

Maturity distribution by term to maturity

Demand deposits	167	183
Up to and including three months	0	0
Over three months up to and including one year	0	0
Over one year up to and including five years	0	0
Over five years	0	0
Total	167	183

14	Loans, advances and other receivables at fair value	2024	2023
	Mortgage loans, nominal value	199,181	189,303
	Adjustment to fair value of underlying bonds *	-5,232	-7,036
	Adjustment for credit risk	-380	-367
	Mortgage loans at fair value	193,569	181,900
	Arrears before impairment losses	58	61
	Other loans and outlays before impairment losses	0	0
	Impairment losses on arrears and outlays	-5	-5
	Total	193,623	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.

15	Loans, advances and other receivables at amortised cost	2024	2023
	Loans and advances	4	6
	Adjustment for credit risk	0	-1
	Total	4	5

Note

16	Loans, advances and other receivables at fair value and amortised cost	2024	2023
	Maturity distribution by term to maturity		
	Up to and including three months	1,299	1,069
	Over three months up to and including one year	4,187	3,741
	Over one year up to and including five years	23,537	20,834
	Over five years	164,604	156,317
	Total	193,627	181,961

As supplementary collateral for mortgage loans, bankers' guarantees of DKK 5,786m in addition to mortgages have been provided (2023: DKK 13,440m)

Pursuant to special legislation, a government guarantee of DKK 39m (2023: DKK 65m) has been provided as supplementary collateral for loans to young farmers.

In cases where DLR has granted an advance loan, a full bank guarantee has been provided for the loan. This amounts to DKK 1.1bn at the end of 2024 (2023: DKK 1.4bn).

17	Mortgage loans (nominal value) by property category	2024	2023
	Owner-occupied dwellings	5.8%	4.8%
	Recreational dwellings	0.4%	0.3%
	Subsidised rental housing properties	0.0%	0.0%
	Co-operative housing	2.0%	2.1%
	Private rental housing properties	22.9%	21.9%
	Properties for manufacturing and manual industries	1.1%	1.3%
	Office and business properties	17.1%	18.0%
	Agricultural properties	50.0%	50.7%
	Properties for social, cultural and educational purposes	0.8%	0.7%
	Other properties	0.0%	0.0%
	Total	100%	100%

18	Number of loans - end of period	2024	2023
	Number of loans - end of period	73,715	72,810

Note

19 Impairment losses by stage

Impairment of loans and advances at fair value and amortised cost	31 Dec 2024			
	Stage 1	Stage 2	Stage 3	Total
Specification of impairment losses at the end of the period:				
Loans and advances in stage 1 at beginning of year	23	29	1	53
Loans and advances in stage 2 at beginning of year	2	24	23	49
Loans and advances in stage 3 at beginning of year	0	0	39	39
New loans and advances	14	13	0	27
Management estimate	193	23	1	217
Total	232	89	64	385

DLR's total impairment losses at the end of 2024 consisted of individual impairment losses of DKK 57m, model calculated impairment losses of DKK 111m and a management overlay of DKK 217m. In the accounting policies section, note 50, the methods that form the basis for calculating the impairment losses are explained in more detail.

Impairment of loans and advances at fair value and amortised cost	31 Dec 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, modelled 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 were credit-impaired on initial recognition 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**20 Impairment - other financial assets**

	31 Dec 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 Dec 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 were credit-impaired on initial recognition in 2023 or 2024.

Note

21

Loan exposures - rating classes, property categories and stages**Measured at fair value and amortised cost *****2024**

12 months PD band**	Stage 1	Stage 2	Stage 3	Total
[0 - 0,2]	22,187	13	0	22,200
] 0,2 - 0,5]	52,167	81	0	52,249
] 0,5 - 1,0]	60,559	1,596	0	62,155
] 1,0 - 1,5]	27,130	3,962	1	31,093
] 1,5 - 2,0]	4,958	1,685	0	6,643
] 2,0 - 3,0]	2,246	2,725	0	4,972
] 3,0 - 5,0]	2,416	2,909	1	5,326
] 5,0 - 10,0]	1,287	2,498	0	3,784
] 10,0 - 20,0]	0	4,224	7	4,232
] 20,0 - 100,0 [0	194	0	194
[100]	25	0	756	780
Total	172,976	19,887	765	193,627

Measured at fair value and amortised cost ***2023**

12 months PD band**	Stage 1	Stage 2	Stage 3	Total
[0 - 0,2]	22,298	0	0	22,298
] 0,2 - 0,5]	53,966	190	0	54,156
] 0,5 - 1,0]	52,063	2,442	1	54,506
] 1,0 - 1,5]	24,208	2,736	0	26,944
] 1,5 - 2,0]	4,185	1,092	0	5,278
] 2,0 - 3,0]	1,851	2,066	0	3,917
] 3,0 - 5,0]	2,167	2,590	0	4,756
] 5,0 - 10,0]	1,697	2,385	1	4,083
] 10,0 - 20,0]	286	4,661	4	4,951
] 20,0 - 100,0 [0	78	0	78
[100]	0	0	994	994
Total	162,721	18,241	1,000	181,961

*The division of the outstanding debt takes place in stages as at 30 November and PD bands as at 31 December. This may cause minor shifts in the categorisations.

Irrevocable credit commitments: At year-end 2024, unutilised loan offers amounted to DKK 15.6bn (2023: 10.0), all of which belong to stage 1.

Other financial assets: DLR's other financial assets consist of amounts due from banks and Danmarks Nationalbank, mortgage bonds, etc., all of which belong to stage 1.

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

Note

21 Loan exposures - rating classes, property categories and stages

Stated at fair value and amortised cost *				
	2024			
	Stage 1	Stage 2	Stage 3	Total
Agricultural properties	87,894	8,541	333	96,768
Owner-occupied dwellings	8,595	576	47	9,218
Subsidised residential rental properties	16	65	0	81
Private residential rental properties	37,876	5,924	149	43,949
Office and retail properties	30,712	4,064	145	34,921
Properties for manufacturing and manual industries	2,267	132	4	2,403
Properties for social, cultural and educational purposes	1,406	191	3	1,599
Co-operative housing	3,504	315	85	3,904
Recreational dwellings	641	66	0	706
Other properties	65	13	0	78
Total loans and advances	172,976	19,887	765	193,627

Stated at fair value and amortised cost *				
	2023			
	Stage 1	Stage 2	Stage 3	Total
Agricultural properties	84,985	6,677	525	92,187
Owner-occupied dwellings	8,058	678	74	8,810
Subsidised rental housing properties	17	70	0	87
Private rental housing properties	33,847	5,844	134	39,824
Office and business properties	28,693	3,957	165	32,815
Properties for manufacturing and manual industries	2,181	208	0	2,389
Properties for social, cultural and educational purposes	1,051	239	2	1,293
Co-operative housing	3,296	500	99	3,895
Recreational dwellings	531	61	0	592
Other properties	61	7	0	69
Total loans and advances	162,721	18,241	1,000	181,961

* Loans and advances at fair value and loans and advances at amortised have been aggregated as the loan exposure at amortised cost represents approximately 0.021 per mille of total exposures.

Note			
22	Bonds at fair value	2024	2023
	Own mortgage bonds	21,384	20,946
	Other mortgage bonds	8,678	6,715
	Government bonds	952	1,069
	Bonds - gross	31,013	28,729
	Own mortgage bonds offset against issued bonds	-21,384	-20,946
	Total	9,630	7,783

23	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	-0.5	-0.4
	Value changes recognised in other comprehensive income	0.0	15.1
	Fair value, end of year	149.5	150.0

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

24	Other assets	2024	2023
	Positive market value of derivative financial instruments etc.	4	38
	Interest and commission receivable	96	78
	Other receivables	268	167
	Total	369	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.

Notes – Equity and liabilities

(DKKm)

Note			
25	Issued bonds at fair value *	2024	2023
	Mortgage bonds - nominal value	207,377	196,109
	Fair value adjustment **	-5,316	-7,151
	Issued bonds - gross	202,061	188,957
	Offsetting of own mortgage bonds - fair value	-21,384	-20,946
	Total	180,677	168,011
	Of which pre-issued, market value	4,349	4,172
	Cash value of bonds drawn for redemption at next repayment date (settlement price)	1,586	832

* The change in the fair value of mortgage bonds (SDOs and ROs) that can be attributed to changes in credit risk may be calculated relative to corresponding mortgage bonds offered by other Danish issuers. The bonds that fund DLR's loan portfolio have an AAA rating from S&P Global Ratings. This rating corresponds to the rating of most of the other Danish mortgage bonds.

Using this method, no fair value adjustment was made for changes in DLR's own credit risk, neither in the year 2024, nor in the period since issuance.

The aggregate fair value adjustment of issued bonds and SDOs as a consequence of changes in the fair value of own credit risk was therefore DKK 0 (2023: DKK 0). Of the accumulated effect, DKK 0 relates to changes in 2024 (2023: DKK 0).

** DLR's mortgage loans and the corresponding issued mortgage bonds are granted in accordance with 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 2023 caused bond prices to plummet, resulting in very large market value adjustments in 2023. In 2024, there has been an opposite and smaller effect due to the falling interest rates in the last part of the year. However, the use of the specific balance principle means the net effect was close to DKK 0 both in 2023 and 2024.

Maturity distribution by term to maturity (gross portfolio at market value)

Up to and including three months	5,286	5,162
Over three months up to and including one year	20,210	21,269
Over one year up to and including five years	134,019	122,851
Over five years	42,546	39,674
Total	202,061	188,957

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.

Note		2024	2023
26	Issued bonds at amortised cost		
	Issues in connection with senior debt	3,995	3,995
	Offsetting of own bonds	0	0
	Total	3,995	3,995
	Maturity distribution by term to maturity		
	Up to and including three months	0	0
	Over three months up to and including one year	1,000	1,000
	Over one year up to and including five years	2,995	2,995
	Over five years	0	0
	Total	3,995	3,995

27	Other liabilities	2024	2023
	Negative market value of derivative financial instruments etc.	3	19
	Interest and commission payable	2,351	2,224
	Other liabilities	170	157
	Total	2,523	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.

28	Provisions for deferred tax	2024	2023
	Deferred tax, beginning of year	23.6	19.4
	Change in deferred tax	14.3	4.2
	Total	37.9	23.6
	Land and buildings - domicile properties	18.7	18.8
	Seniorloans	6.5	-0.1
	Subordinated debt	13.2	5.3
	Other property, plant and equipment	-0.5	-0.5
	Total	37.9	23.6

Note			
29	Subordinated debt	2024	2023
	Subordinated debt	1,694	1,298

Subordinated debt amounts to DKK 1,694m, nominal value, divided between three issues, and has been recognised in full in own funds.

Interest payments amount to DKK -97m (2023: DKK -89m)

Subordinated capital was issued and redeemed in 2024, while in 2023 no subordinated capital was either issued or redeemed.

The subordinated debt is denominated in DKK and SEK and carries interest at CIBOR-3M + 4,25 pct., STIBOR-3M + 2,60 pct. and CIBOR-3M + 2,85 pct.

The subordinated debt of DKK 650m falls due on 14 October 2032 but may, subject to approval by the Danish FSA, be repaid at par in part or in full at any time after 14 October 2027.

The subordinated debt of DKK 400m falls due on 20 November 2034 but may, subject to approval by the Danish FSA, be repaid at par in part or in full at any time after 20 November 2029.

The subordinated debt of SEK 1,000m falls due on 20 November 2034 but may, subject to approval by the Danish FSA, be repaid at par in part or in full at any time after 20 November 2029.

30 Shareholder relations

Details on movements in equity appear from the statement of changes in equity.

At 31 December 2024, the following shareholders held more than 5 pct. of DLR's share capital:

Loan-providing shareholders:

Sparekassen Danmark, Vrå

Sydbank A/S, Aabenraa

Vestjysk Bank A/S, Herning

Other shareholders:

Nykredit Realkredit A/S, Copenhagen

PRAS A/S, Copenhagen

None of the above-mentioned shareholders hold controlling interests.

Note			
31	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)	12,068	10,043
	Total	12,068	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.

32 Contingent assets

Loss set-off agreements have been established between DLR and the loan-mediating 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.

Risk Management

(DKKm)

Note

33 Risk management

Risk management is anchored with the Board of Directors and the Executive Board and is a key element of DLR's day-to-day operations. DLR's internal controls and risk management procedures have been organised with a view to ensuring effective management of relevant risks.

DLR's risks may be classified as follows:

- Credit risk: DLR provides loans against registered mortgages on real property in compliance with statutory limits for the ranking of collateral. DLR assesses the loan applicant's financial circumstances and the property mortgage offered. In this connection, the loan applicant's ESG conditions and climate risks are also assessed.
- Market risk: Mortgage lending and the associated funding are regulated by "Bekendtgørelse om obligation-sudstedelse, balanceprincip og risikostyring", where DLR provides lending according to the specific balance principle (match funding). This means that DLR only has insignificant market risks in connection with the mortgage lending provided and the corresponding mortgage bonds issued. DLR's market risks are thus related to the fund portfolio and issued bonds at amortized cost price
- DLR's liquidity risk is linked to losses as a result of DLR's financial obligations not being met in a timely manner. DLR manages the liquidity on a daily basis, which is essentially related to generating liquidity for the daily loan payments, which are secured via the issue and sale of mortgage bonds. In addition, DLR has 4 major liquidity days each year, which are early January, early April, early July and early October. On these large liquidity days, payment of interest, ordinary installments and extraordinary installments is due to the bond investor. An important element in securing the necessary liquidity is the holding of refinancing auctions, which are held at least 30 days before the respective maturity dates, so that there is adequate security for liquidity on the major liquidity days.
- Non-financial risks: Non-financial risks concern operational risk (losses due to inappropriate or insufficient in-house procedures, human or system error or error caused by external events), compliance risk (losses due to non-compliance with applicable regulations, market standards or internal rules) and IT risks (losses due to system error or non-compliance with IT security protocols, incl. cyber security risk).

Credit, market and operational risks are hedged by holding sufficient capital, while liquidity risks are hedged by holding adequate cash resources.

Each year, DLR publishes a detailed report entitled Risk and Capital Management containing a number of risk indicators in compliance with the Capital Requirements Regulation (CRR). The report, which is not subject to auditing, may be found at dlr.dk/en/investor/FinancialStatements.

Note

34 Credit risk - management of credit risk and collateral

DLR's lending area is concentrated around lending to agricultural, forestry and horticultural properties, owner-occupied homes connected with farming or other sectors, such as residential farms, as well as private rental housing properties, cooperative housing properties and office and business properties in Denmark. Furthermore, loans are provided on a minor scale in the Faroe Islands and Greenland.

DLR offers loans in cooperation with the banks holding shares in DLR, which - in their capacity as loan providers - offer advice to borrowers about DLR's products.

DLR's lending is generally based on three elements that form part of the overall assessment of a loan application:

- Valuation of the property
- Assessment of the loan applicant's creditworthiness
- Possibility of obtaining comprehensive finance, including the required business and operating credits from financial institutions

Valuation of properties takes place in accordance with the Financial Supervisory Authority's order on the valuation of mortgages and loans in real estate.

In the determination of the total loan amount, including the extent to which the upper loan limit for the relevant property category can be used, emphasis is placed on the loan applicant's financial results over several years, the property's ESG situation as described above, as well as the owner's and management's focus on and ability to handle of the increasing focus on a sustainable company profile. If the economy has not developed satisfactorily over a longer period, decisive emphasis is placed on whether a mortgage placement can be achieved in the property, which must be considered risk-free.

In connection with lending for the acquisition of properties or for major investments, emphasis is on budgets, including whether balanced finances can be achieved based on expected, achievable budget assumptions. Furthermore, the applicant's equity calculated on the basis of DLR's valuation of the applicant's properties is taken into account.

In connection with the provision of loans, the loan-mediating financial institution will normally provide an individual guarantee for the individual loan throughout its term covering 2 pct. of the outstanding debt on the loan. The guarantee is reduced gradually as the loan is repaid, to the effect that the ratio of the guarantee to the outstanding debt remains unchanged throughout the term of the loan. The guarantee covers the least secure part of the overall loan on the individual property. In addition, a loss set-off scheme has been established, under which DLR sets off against the commission payable to each financial institution all losses incurred beyond what is covered by the 2 pct. guarantees provided at loan level. Losses may be set off against ten years' commission for any loss offsetting that takes place in the following years will be subject to an interest surcharge.

To the extent that losses eligible for set-off exceed the current year's and up to the following nine years' expected commissions, DLR may require that such losses are covered by drawings on the individual financial institution's aggregate guarantees. This part of the guarantee scheme has not been used so far. The guarantee concept covers 99,3 pct. of the total loan portfolio calculated at the outstanding bond debt.

As regards recognition and measurement of expected credit losses, see the accounting policies set out in note 50.

Note**35 Credit risk - exposures****2024****2023**

The maximum credit risk, disregarding collateral, is as follows, which amounts have been recognised in the balance sheet.

Balance sheet items

Cash balance and demand deposits with central banks	2,479	2,450
Due from credit institutions and central banks	167	183
Loans, advances and other receivables at fair value	193,623	181,956
Loans, advances and other receivables at amortised cost	4	5
Bonds at fair value	9,630	7,783
Other assets	364	246
Derivative financial instruments	4	38
Total	206,272	192,660

Off-balance sheet items

Financial guarantees	0	0
Other guarantees	0	0
Irrevocable credit commitments (loan offers)	12,068	10,043
Other contingent assets	0	0
Total	12,068	10,043

Note**36 Credit risk - loan to value (excl. loans in arrears and impaired loans)**

The credit quality of DLR's loan portfolio is shown in the tables below, which show the distribution of the total loan portfolio by LTV bands (loan-to-value intervals) at the end of 2024 for the most significant property categories. The tables of the distribution of lending by LTV bands do not include loans in arrears or individually impaired loans.

The LTV distributions show how large a share of the loan portfolio is placed in the respective loan-to-value ranges. The LTV distribution is based on DLR's most recent valuations or "approved market values" (valuations made with-out physical inspection in connection with the ongoing LTV monitoring for loans based on covered bonds). In addition, a forward indexation has been made of the valuations to the price level at Q4 2024 to ensure that the valuation basis applied reflects the current price level.

It should be noted that, the intermediary institutions partially hedge DLRs risk according to the guarantee and set-off concepts described in note 34.

Agriculture: An LTV of 70 pct. provided that additional collateral of 10 pct. of the value is provided in the interval of 60-70 pct. for loans based on SDOs. Otherwise, an LTV of 60 pct. applies. Loans for agricultural properties accounted for 50 pct. of DLR's total loan portfolio at the end of 2024.

Loan-to-value limit (LTV) as a percentage	0-60	60-70	70+
Per cent of loans in LTV intervals	96.7	3.0	0.3

Office and business properties: An LTV of 70 pct. provided that additional collateral of 10 pct. of the value is provided in the interval of 60-70 pct. for loans based on SDOs. Otherwise, an LTV of 60 pct. applies. Loans for office and business properties accounted for 17 pct. of DLR's total loan portfolio at the end of 2024.

Loan-to-value limit (LTV) as a percentage	0-60	60-70	70+
Per cent of loans in LTV intervals.	96.8	2.8	0.4

Rental properties, including cooperative housing: An LTV of 80 pct. applies. Loans for private rental properties and private cooperative housing properties accounted for 25 pct. of DLR's total loan portfolio at the end of 2024.

Loan-to-value limit (LTV) as a percentage	0-80	80+
Per cent of loans in LTV intervals	99.4	0.6

Owner-occupied homes: An LTV of 80 pct. applies. Loans for owner-occupied homes accounted for 6 pct. of DLR's total loan portfolio at the end of 2024.

Loan-to-value limit (LTV) as a percentage	0-80	80+
Per cent of loans in LTV intervals	96.9	3.1

Note**37 Financial assets - not impaired as a result of collateral**

The collateral for DLR's loans is described in more detail in note 34. As a result of this collateral, an individual impairment review will not result in impairment losses being charged on some loans for which there is objective evidence of credit impairment, because the value of the collateral exceeds the remaining debt. Instead, modelled impairment will be recognised for these loans. DLR's impairment approach complies with the requirements of the Danish FSA's executive order on the presentation of financial statements, which is based on IFRS 9.

38 Market risk - policy**Interest rate risk**

Under Danish law, the interest rate risk cannot exceed 8 pct. of DLR's own funds. At the end of 2024, DLR's own funds amounted to DKK 18,165m after deductions, giving a maximum permitted interest rate risk of DKK 1,453m.

At the end of 2024, the interest rate risk on DLR's securities portfolio (asset side) was DKK 235m. Interest rate risk expresses the market value adjustment expected to result from a 1 percentage point change in market rates at year-end 2024. Based on own funds, the relative interest rate risk was 1.3 pct. at year-end 2024.

The interest rate risk on issued securities (liability side) – additional tier 2 capital, Senior Non-Preferred Notes and Senior Resolution Notes – is DKK 17m, equivalent to 0.1 pct. of DLR's own funds.

Based on a specific assessment, DLR may use financial instruments to manage interest rate risk.

Liquidity risk

DLR's use of the specific balance principle means there is a close match between payments on loans granted and issued bonds (match-funding). However, in several cases, temporary liquidity from the balance principle (referred to as balance funds) which will subsequently be invested until the amount is due for payment to the bondholders.

The liquidity from these balance funds is placed as short forward deposits with financial institutions or in short bonds.

In accordance with section 8(9) of the executive order on governance, risk management, etc. for financial institutions, new requirements were implemented concerning the determination and assessment of liquidity position and liquidity risks (ILAAP - Internal Liquidity Adequacy Assessment Process). Accordingly, DLR prepares annual a separate report on liquidity along with the capital adequacy report (ICAAP - Internal Capital Adequacy Assessment Process). The ILAAP is approved by the Board of Directors of DLR before filing with the Danish FSA.

Exchange rate risk

Calculated according to the Danish FSA's foreign exchange indicator 2, DLR's exchange rate risk at year-end 2024 was DKK 0.2m, equivalent to 0.002 pct. of common equity tier 1 capital. Under Danish legislation, the exchange rate risk calculated on the basis of the Danish FSA's foreign exchange indicator 2 cannot exceed 0.1 pct. of common equity tier 1 capital. DLR's limited exchange rate risk is explained by the fact that foreign-currency loans (only EUR) will always be funded in the foreign currency in question and that only a small proportion of DLR's securities portfolio is held in EUR bonds.

DLR has issued Tier 2 capital denominated in SEK during 2024 for a total of SEK 1.0bn. The proceeds from the issuance have been placed in SEK, ensuring that the net currency risk is close to zero.

Equity risk

In general, DLR does not invest in shares, except for sector shares. At the end of 2024, DLR's equity portfolio consisted of holdings in e-nettet A/S. At year-end 2024, the equity risk after tax (determined as the earnings effect of a change in share prices of 10 pct.) was DKK 3m.

Note

39 Market risk - sensitivity

DLR's risks and policies are set out in the risk management section of the Management's review. DLR is exposed to different types of market risk. To illustrate the exposure or sensitivity to each type of market risk, the change in profit and equity caused by various risk scenarios is set out below.

	Change in profit after tax	Change in equity
2024		
Interest rate risk exposure of the securities portfolio		
An interest rate increase of 1 percentage point	-174	-174
An interest rate decrease of 1 percentage point	174	174
Equity risk		
An increase in share value of 10 pct.	3	3
A decrease in share value of 10 pct.	-3	-3
Exchange rate risk		
A 1 pct. increase in the DKK/EUR rate of exchange	2	2
A 1 pct. drop in the DKK/EUR rate of exchange	-2	-2
A 1 pct. increase in the DKK/SEK rate of exchange	0	0
A 1 pct. drop in the DKK/SEK rate of exchange	0	0
2023		
Interest rate risk exposure of the securities portfolio		
An interest rate increase of 1 percentage point	-164	-164
An interest rate decrease of 1 percentage point	164	164
Equity risk		
An increase in share value of 10 pct.	3	3
A decrease in share value of 10 pct.	-3	-3
Exchange rate risk		
A 1 pct. increase in the DKK/EUR rate of exchange	3	3
A 1 pct. drop in the DKK/EUR rate of exchange	-3	-3

Financial instrumentes

(DKKm)

Note

40 Financial instruments: instruments used

DLR's financial instruments mainly consist of mortgage loans, deposits of liquid funds with banks and investments in mortgage bonds. DLR uses derivative financial instruments such as forward purchases and sales of bonds and, in certain periods, swap transactions. All derivative financial instruments may be used as part of DLR's risk management.

41 Financial instruments - Financial instruments not carried at fair value

Financial instruments are measured in the balance sheet at fair value or at amortised cost. The table below shows the fair value of instruments not carried at fair value in the balance sheet.

Fair value constitutes the amount at which a financial asset can be traded or at which a financial liability can be settled between independent parties and is calculated as the present value of the underlying cash flows. See accounting policies, recognition and measurement, for additional information.

2024	Carrying amount	Fair value
Loans, advances and other receivables at amortised cost	4	4
Issued bonds at amortised cost	3,995	4,020
Subordinated capital contributions at amortized cost price	1,694	1,745
2023	Carrying amount	Fair value
Loans, advances and other receivables at amortised cost	5	5
Issued bonds at amortised cost	3,995	3,995
Subordinated capital contributions at amortized cost price	1,298	1,319

For other financial assets and liabilities not carried at fair value, the carrying amount essentially corresponds to the fair value, for which reason additional information is not provided.

Note

42 Assets and liabilities at fair value

2024	Quoted prices	Observable inputs	Non-observable inputs	Total fair value
Financial assets:				
Recognised as trading portfolio:				
- bonds at fair value	7,788	1,842	0	9,630
- derivative financial instruments	4	0	0	4
Recognised through fair value option:				
- loans, advances and other receivables at fair value	0	193,623	0	193,623
Recognised as available for sale:				
- shares available for sale	0	46	0	46
Other assets				
Land and buildings, domicile properties	0	0	149	149
Total	7,792	195,511	149	203,453
Financial liabilities:				
Recognised as trading portfolio				
- derivative financial instruments	3	0	0	3
Recognised through fair value option:				
- issued bonds at fair value	177,489	3,188	0	180,677
Total	177,491	3,188	0	180,680

Note

42 Assets and liabilities at fair value (continued)

2023	Quoted prices	Observable inputs	Non-observable inputs	Total fair value
Financial assets:				
Recognised as trading portfolio:				
- bonds at fair value	6,843	941	0	7,783
- derivative financial instruments	38	0	0	38
Recognised through fair value option:				
- loans, advances and other receivables at fair value	0	181,956	0	181,956
Recognised as available for sale:				
- shares available for sale	0	46	0	46
Other assets				
Land and buildings, domicile properties	0	0	150	150
Total	6,880	182,943	150	189,973
Financial liabilities:				
Recognised as trading portfolio:				
- derivative financial instruments	19	0	0	19
Recognised through fair value option:				
- issued bonds at fair value	160,654	7,357	0	168,011
Total	160,672	7,357	0	168,030

Quoted prices

The Company's assets and liabilities at fair value are to the widest possible extent recognised at quoted prices in an active market for identical assets and liabilities.

Observable inputs

When an instrument is not traded in an active market, measurement is based on observable inputs in generally accepted calculation models with observable market data. For bonds for which an updated market price is not available, a price determined on the basis of the official market rate for a corresponding bond is used. For unlisted shares in sector-owned companies where the shares are reallocated, the reallocation is considered to constitute the principal market for the shares. The fair value is determined as the reallocation price, and the shares are included in this category.

Non-observable inputs

Where it is not possible to measure financial instruments at fair value based on prices in active markets or observable inputs, measurement is based on own assumptions and extrapolations, etc. To the extent possible, measurement is based on actual transactions adjusted for differences in, e.g., liquidity, credit spreads and maturities of the instruments, etc. The Company's portfolio of unlisted shares in sector companies where observable inputs are not immediately accessible are placed in this category.

Note			
43	Derivative financial instruments by remaining term to maturity	2024	2023
	Forwards, bought *		
	Up to and including three months		
	Nominal value	6,431	5,453
	Net market value	1	9
	Forwards, sold **		
	Up to and including three months		
	Nominal value	3,197	3,280
	Net market value	-2	-16

When loans are refinanced, DLR will carry out two opposite financial transactions. In one transaction, DLR sells bonds (equivalent to the amount to be refinanced) to bond investors. The price/interest rate achieved at such sale is passed directly on to the borrower's adjustable-rate mortgage, while in the other transaction the borrower "buys" interest on its adjustable-rate mortgage. The net earnings effect of these transactions is DKK 0m, if trading margin income in connection with the refinancing is disregarded.

* Forwards, bought: The refinancing, totalling DKK 4,432m at the turn of the year 2024/25, thus implicitly involves that DLR (via the loan terms) has an agreement with the borrower that the borrower "buys" this interest on its adjustable-rate loan. Furthermore, DLR has other forward contracts for DKK 1,999m.

** Forwards, sold: Of the DKK 4,432m refinancing, DLR has sold DKK 3,197m forward at 2 January 2025, while the remaining amount was sold for settlement in 2024 and is therefore not stated as forwards.

Key figures and financial ratios

(DKKm)

Note						
44	Key figures	2024	2023	2022	2021	2020
	Income statement					
	Net interest and fee income	1,920	1,879	1,547	1,428	1,428
	Other operating income etc.	7	1	18	31	24
	Staff costs and administrative expenses etc.	-416	-372	-344	-343	-315
	Earnings	1,512	1,508	1,221	1,116	1,137
	Impairment of loans, advances and re- ceivables	-36	1	10	109	-62
	Market value adjustments	179	288	-304	-87	-114
	Profit before tax	1,655	1,797	927	1,138	960
	Profit after tax	1,222	1,347	720	888	749
	Balance	2024	2023	2022	2021	2020
	Assets					
	Loans and advances	193,627	181,961	169,920	175,213	166,787
	Bonds, shares, etc.	9,676	7,829	8,141	6,424	12,041
	Other assets	3,249	3,100	2,183	2,234	2,255
	Total assets	206,552	192,890	180,244	183,871	181,083
	Equity and liabilities					
	Issued bonds	184,672	172,006	161,707	166,201	164,433
	Other liabilities	2,564	2,436	1,448	1,299	1,167
	Subordinated debt	1,694	1,298	1,298	1,300	1,300
	Equity	17,622	17,149	15,791	15,071	14,183
	Total equity and liabilities	206,552	192,890	180,244	183,871	181,083

Note						
45	Financial ratios	2024	2023	2022	2021	2020
	Return on equity					
	Profit before tax in per cent of equity *	9.5	10.9	6.0	7.8	7.0
	Profit after tax in per cent of equity *	7.0	8.2	4.7	6.1	5.4
	Return on capital employed					
	Return on capital employed *	0.59	0.70	0.40	0.48	0.41
	Costs					
	Costs in per cent of loan portfolio	0.2	0.2	0.2	0.2	0.2
	Income/cost ratio *	4.7	5.8	3.8	5.9	3.5
	Income/cost ratio, excl. impairment losses	5.1	5.8	3.7	4.0	4.2
	Solvency					
	Total capital ratio *	23.7	24.0	24.3	18.6	18.8
	Tier 1 capital ratio *	21.5	22.2	22.5	17.1	17.1
	Common equity tier 1 capital ratio *	21.5	22.2	22.5	17.1	17.1
	Arrears and impairment losses					
	Arrears, end of period (DKKm)	58	61	50	61	71
	Impairment ratio for the period *	0.02	0.00	-0.01	-0.06	0.04
	Accumulated impairment ratio	0.19	0.19	0.22	0.22	0.29
	Lending activity					
	Growth in loan portfolio, per cent (nominal) *	5.2	4.1	3.3	7.2	6.3
	New loans, gross (DKKm)	29,003	27,899	45,751	36,608	36,839
	Number of new loans	6,869	7,358	12,518	11,250	11,507
	Loan/equity ratio *	11.0	10.6	10.8	11.6	11.8
	Margins					
	Percentage of average loan portfolio (nominal):					
	Profit before tax	0.85	0.97	0.52	0.67	0.60
	Administration margin income	1.01	1.04	1.06	1.07	1.09
	Percentage of tier 1 capital after deductions					
	Foreign exchange position as a percentage of tier 1 capital after deductions	1.4	2.1	2.3	1.6	2.2

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

Other notes

(DKKm)

Note			
46	Activities and geographical markets	2024	2023
	DLR carries on mortgage credit activities in one geographical market, which is Denmark (including the Faroe Islands and Greenland).		
	Net interest and fee income	1,920	1,879
	Market value adjustments	179	288
	Revenue	8,167	7,088
	Government grants received	0	0

Note**47 Related parties**

DLR has no related parties exercising control or significant influence, either in the form of an ownership interest of more than 20 pct. or 20 pct. of the voting rights.

The related parties of the institution comprise the members of the Board of Directors and the Executive Board, including their related parties.

During 2023, there were no direct transactions with the Board of Directors or the Executive Board apart from salaries and remuneration. Remuneration to members of the Board of Directors and the Executive Board is disclosed in notes 5 and 6.

In 2024, no loans, charges or guarantees were granted to the institution's related parties in the form of the members of the Board of Directors and the Executive Board or their related parties. Disclosures on loans, charges or guarantees to the institution's Board of Directors and Executive Board are set out in note 8. With respect to the board member who has a loan with DLR, this loan was established before the person was elected to DLR's Board of Directors.

Some members of DLR's Board of Directors hold executive positions in the institution's shareholder banks, which makes these banks related parties of DLR. Guarantees provided by these shareholder banks amounted to DKK 2,644m at 31 December 2024 (2023: DKK 5,201m).

Transactions between DLR and these related parties concern commission payments such as mediation commissions and commission reimbursements. At 31 December 2024, the transactions equalled DKK 28m (2023: DKK 24m).

DLR has commissions payable to the related parties in the form of guarantee commissions, etc. At 31 December 2024, this amount was DKK 354m (2023: DKK 280m).

	Reason for related party status	Address	Registered office
A/S Arbejdernes Landsbank	A board member is an executive in the bank	København V	Denmark
Ringkjøbing Landbobank A/S	A board member is an executive in the bank	Ringkjøbing	Denmark
Spar Nord Bank A/S	A board member is an executive in the bank	Aalborg	Denmark
Sparekassen Danmark	A board member is an executive in the bank	Vrå	Denmark
Sydbank A/S	A board member is an executive in the bank	Aabenraa	Denmark
Sparekassen Sjælland-Fyn A/S	A board member is an executive in the bank	Holbæk	Denmark
Sparekassen Thy	A board member is an executive in the bank	Thisted	Denmark

DLR has exposures with companies in which related parties exercise control or persons are a member of DLR's Board of Directors. At 31 December 2024, these exposures totalled DKK 207m (2023: DKK 207m).

	Reason for related party status	Address	Registered office
Sparekassen Danmark	A board member acts as chairman of boards of directors of companies which have exposures with DLR	Vrå	Denmark
Sparekassen Sjælland-Fyn A/S	The institution has ownership interests in a company which has a loan offer about an exposure with DLR	Holbæk	Denmark
Sparekassen Thy	A board member has exposures with DLR, jf. note 8.	Thisted	Denmark

All transactions, guarantees, deposits and exposures with related parties and companies in which related parties exercise control were made on an arm's length basis.

Note

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

	Core earnings	Portfolio earnings	Total
Interest income	7,182	776	7,958
Interest expenses	-5,250		-5,441
Net interest income	1,931	586	2,517
Share dividends etc.	0		0
Fees and commission received	202		202
Fees and commission paid	-799		-799
Net interest and fee income	1,335	586	1,920
Market value adjustments	0	179	179
Other operating income	7		7
Staff costs and administrative expenses	-396		-396
Depreciation and impairment of property, plant and equipment	-3		-3
Other operating expenses	-17		-17
Impairment of loans, advances, receivables, etc.	-36		-36
Profit before tax	891	765	1,655
Tax	-235	-199	-433
Profit after tax	656	566	1,222

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				
49	Supervisory diamond for mortgage credit institutions, pct.	2024	2023	Threshold
	1. Lending growth			
	Private homeowners	3.1	1.5	<15%
	Residential rental property	7.9	6.8	<15%
	Agriculture	3.9	2.4	<15%
	Other business lending	5.9	6.2	<15%
	2. Borrower interest-rate risk	22.1	24.0	<25%
	3. Interest-only lending to private home owners	1.1	0.9	<10%
	4. Loans with short-term funding (quarterly) *			
	Q1 2024	0.2	0.7	<12,5%
	Q2 2024	6.5	10.4	<12,5%
	Q3 2024	2.6	2.8	<12,5%
	Q4 2024	2.2	2.3	<12,5%
	Loans with short-term funding annually	11.3	16.0	<25%
	5. Large exposures	49.6	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 Q4 2024. The percentage for the year therefore does not agree with the sum of the percentage in the individual quarters.

Note
50 **Accounting policies**
General

DLR's annual report has been prepared in accordance with legislative requirements, especially relating to the Danish Financial Business Act, including the executive order on financial reports of credit institutions and investment firms, etc. (the Danish Executive Order on the Presentation of Financial Statements), and the requirements of NASDAQ Copenhagen as regards the financial reporting of issuers of listed bonds.

The accounting policies are consistent with those applied for 2023.

The figures in the financial statements 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 available to the reader of the financial statements.

Future changes to accounting policies

Effective from the beginning of 2025, parts of CRR3 will take effect, which will affect the calculation of the capital ratio as DLR's risk-weighted assets will increase.

However, DLR has already in 2024 reserved capital for these amended rules and temporarily increased its capital targets correspondingly.

Other than as set out above, no new rules have been adopted that will affect DLR's future financial reporting.

Accounting estimates and judgments

The preparation of financial statements requires the use of qualified accounting estimates. Such estimates and judgments are made by DLR's Management on the basis of historical experience and assessments of future circumstances. Accounting estimates and assumptions are tested and reviewed on a regular basis. The estimates and judgments applied are based on assumptions which Management considers reasonable and realistic, but which are inherently subject to uncertainty.

The most significant estimates affecting the financial statements concern:

- Loans, advances and other receivables at fair value (including impairment)
- Issued bonds at fair value and loans, advances and other receivables at fair value (before impairment)
- Bonds at fair value
- Land and buildings, domicile properties
- Shares etc.

Loans, advances and other receivables at fair value (and related impairment losses)

Mortgage loans are measured at fair value based on the fair value of the underlying issued mortgage bonds. Adjustment is made for credit risk based on evidence of impairment.

The calculation of impairment losses on loans, advances and other receivables at fair value is partially based on a number of variables involving significant estimates. The most significant variables are:

- The value of the property
- Determination of 12-month PD (probability of default)
- Determination of PD throughout the term of the loan
- Determination of LGD (loss given default), which is the loss DLR expects to incur if a borrower defaults on a loan.
- Scenarios for developments in PD
- Scenarios for developments in property values
- Assumptions regarding expected future developments in general macroeconomic metrics, such as GDP, interest rates, unemployment, etc. In this connection, DLR uses auxiliary tools developed by the Association of Local Banks (LOPI), and which is referred to as LOPI's IFRS 9 auxiliary tool.
- Management overlays to ensure that provisions are made to cover risks not reflected in the individual impairment losses or the modelled impairment losses.

For these overlays, a more detailed description of the methods is provided in the section "Loans, advances and other receivables".

Issued bonds at fair value and loans, advances and other receivables at fair value (before impairment)

DLR's mortgage loans and underlying issued bonds adhere to the specific balance principle.

Issued mortgage bonds and mortgage loans are measured at fair value, which is the market price of these bonds. Issued mortgage bonds in less liquid series that are not traded actively are measured at a calculated price. As this price is based on an estimate, it is subject to some uncertainty. For further information, see note 42, "Assets and liabilities at fair value".

Bonds at fair value

Liquid bond portfolios are measured at fair value, which is the market price of these bonds. Portfolios of bonds in less liquid series that are not traded actively are measured at a calculated price. As this price is based on an estimate, it is subject to some uncertainty. For further information, see note 42, "Assets and liabilities at fair value".

Land and buildings, domicile properties

The measurement of the value of DLR's domicile properties is based on valuations performed by an in-house valuer specialising in the assessment of commercial property. However, such estimates are still subject to some uncertainty.

For the estimate, a more detailed description of the methods is provided in the section "Land and buildings, domicile properties".

Shares etc.

DLR does not own listed shares but has a small portfolio of unlisted shares. The shares are valued using the intrinsic value method.

Presentation, recognition and measurement

Assets are recognised in the balance sheet when, as a consequence of a past event, it is probable that future economic benefits will flow to DLR and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when, as a consequence of a past event, it is probable that future economic benefits will flow from DLR and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below in respect of each individual item, but generally at fair value.

Recognition and measurement consider predictable risks and losses occurring before the presentation of the annual report which confirm or invalidate circumstances existing at the balance sheet date.

Income is recognised in the income statement as earned, while costs are recognised at the amounts that relate to the financial year.

Financial instruments are recognised at the settlement date. Changes in the fair value of instruments purchased or sold in the period between the trading date and the settlement date are recognised as financial assets or liabilities.

Foreign currency translation

On initial recognition, transactions in foreign currency are translated at the exchange rates at the transaction date. Receivables, payables and other transactions denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment or the balance sheet date, respectively, are recognised in the income statement under "Market value adjustments".

Income statement

Under the Danish executive order on the presentation of financial statements, net interest and fee income and market value adjustments must be disclosed by activity and geographical market where activities and markets are not identical. DLR has one single activity, i.e. mortgage credit business in Denmark hereunder, to a limited extent, the Faroe Islands and Greenland. For risk purposes, these markets are considered one geographical market, and the above-mentioned information is therefore not disclosed.

Interest income and expenses

Interest income and expenses, including default interest and administration contributions, are accrued to the effect that interest and contributions incurred but not yet due are recognised in the income statement.

Fees and commission received

Loan fees, other fees, brokerage and spread income in connection with refinancing are recognised in the income statement on completion of the transaction.

Fees and commission paid

Agency commission for financial institutions is recognised in the income statement on completion of the transaction. Loss guarantee commission for financial institutions is recognised in the income statement in accordance with the accrual basis of accounting.

Market value adjustments

Capital gains and losses on financial instruments are recognised in the income statement and include both realised and unrealised gains and losses.

Staff costs and administrative expenses

Staff costs comprise payroll costs, social security costs, pensions, etc.

Administrative expenses comprise expenses related to IT, distribution, sale and administration, etc.

Impairment of loans and advances, receivables, etc.

Impairment losses on loans and advances comprise:

- Actual losses for the year
- Amounts received on claims previously written off
- Adjustment of properties taken over
- Losses offset in commission payments to banks, which represent an income resulting from DLR's right to set off actual losses against the commission payable to individual banks
- Changes in loan loss provisions

Tax

Tax for the year consists of:

- Tax on taxable income for the year
- Change in deferred tax
- Difference between tax calculated and paid in prior years

Tax is recognised in profit or loss at the share attributable to profit or loss for the year and in other comprehensive income at the share attributable to other comprehensive income. The current and deferred tax charge for the year is calculated based on the tax rate of 26 pct. applicable for mortgage credit institutions.

Comprehensive income

Comprehensive income comprises the profit for the year plus other comprehensive income.

Balance sheet

Cash and demand deposits at central banks

Demand deposits with Danmarks Nationalbank are measured at fair value on initial recognition and subsequently at amortised cost less impairment losses.

Due from credit institutions and central banks

Demand deposits and time deposits with financial institutions and certificates of deposit with Danmarks Nationalbank are measured at fair value on initial recognition and subsequently at amortised cost less impairment losses.

Loans, advances and other receivables at fair value and amortised cost

Mortgage loans are measured at fair value based on the fair value of the underlying issued mortgage bonds. Adjustment is made for credit risk based on evidence of impairment.

Other loans and advances, which are typically related to reserve fund lending, are measured at amortised cost, which usually corresponds to the nominal value less front-end fees etc., and less provisions for bad debts.

Adjustment for credit risk (impairment of loans and advances)

Fair value adjustments are made in accordance with the Danish Executive Order on the Presentation of Financial Statements, which is based on the principles of IFRS 13, and in which the impairment principles are based on the same method applied for loans and advances at amortised cost (IFRS 9).

All loans and advances are categorised individually as stage 1, 2 or 3:

- Stage 1: Credit risk has not increased significantly since initial recognition. At this stage, the impairment loss is determined as the 12-month expected credit loss.
- Stage 2: Credit risk has increased significantly. At this stage, the impairment loss is determined as the lifetime expected credit loss.
- Stage 3: The asset is credit-impaired. At this stage, the impairment loss is determined as the lifetime expected credit loss.

This categorisation in stages is based on DLR's proprietary rating models. The principles governing the categorisation in stages 1, 2 and 3 are described below:

Loans and advances are categorised individually. First, an assessment is made as to whether a loan meets the criteria for assignment to stage 3. If this is not the case, it is assessed whether the loan meets the criteria for assignment to stage 2, and if this is not the case, the loan is placed in stage 1.

Stage 3: The loan is credit-impaired

Loans in stage 3 are loans which DLR considers to be in default. A loan is in default if one or more of the following characteristics apply:

- The customer is in material breach of contract

- DLR has granted concessions due to the customer's financial difficulties and expects to suffer a loss in the most likely scenario.
- It is probable that the customer will enter into bankruptcy
- The loan is individually impaired

Stage 2: Credit risk has increased significantly

The assessment as to whether credit risk has increased significantly is based on the rules of the Danish FSA. This means that if the probability of default (PD) is lower than 0.2 pct., credit risk has not increased significantly. If the PD is higher than 0.2 pct., credit risk has increased significantly:

- If the 12-month PD is lower than 1.0 pct. on initial recognition but increases by 100 pct. or more during the remaining term and the 12-month PD increases by 0.5 of a percentage point or more.
- If the 12-month PD is higher than 1.0 pct. on initial recognition and increases by 100 pct or more during the remaining term or the 12-month PD increases by 2.0 percentage points or more.
- If the loan is more than 30 days in arrears and no special circumstances warrant that this should be ignored.

In pursuance of the rules of the Danish FSA, loans assigned to stage 2 are divided into two sub-stages, i.e. ordinary stage 2 and weak stage 2. The criteria for these two stages are as follows:

- Weak stage 2: The credit risk associated with the customer has increased significantly since initial recognition, and the customer's ability to pay is significantly impaired, which is defined as a PD above 5 pct.
- Ordinary stage 2: The credit risk associated with the customer has increased significantly since initial recognition, but the PD is lower than 5 pct.

Stage 1: Credit risk has not increased significantly

All loans and advances which after this procedure have not been placed in stage 3, weak stage 2 or ordinary stage 2 are placed in stage 1.

A loan with a 12-month PD of less than 0.2 pct. is considered to carry low credit risk. Such loans are always assigned to stage 1.

DLR does not have any specific models for the calculation of PDs for loans to Danish credit institutions and central banks, but such institutions are all assessed to carry low credit risk. For assets with such counterparties, it is therefore assumed that there has been no major increase in credit risk since initial recognition. These claims are therefore assigned to stage 1.

Impairment method – individual review

All loans showing objective evidence of credit impairment (OECI) are reviewed for impairment on an individual basis, and an impairment loss is recognised based on a sales scenario in which the underlying collateral is realised.

Impairment method – mathematical model

All loans which do not show OEI or which do show OEI but are found not to be impaired based on the sales scenario are assessed based on a mathematical model which takes into account the probability of default (PD), the estimated credit exposure at default (EAD) and the expected loss given default (LGD).

Loans which show OEI and in stage 2 weak or stage 3 are written down based on a PD of 100 percent, which is in accordance with the Danish Financial Supervisory Authority's guidance on the assessment of significant increase in credit risk and credit deterioration, point 72.

The model incorporates both historical observations and forward-looking expectations, including macroeconomic conditions.

Inputs for the impairment model

PD is determined based on observed default events during a period covering an economic cycle. The observed default events are converted into an estimated probability at a specified point in time (12-month PD).

Lifetime PD is determined based on 12-month PD using mathematical models and extrapolations of 12-month PD. They are based on historical migrations between PD categories and adjusted to reflect observed default levels, and it is expected that future migrations may be estimated against this background.

The determination of estimated credit exposure at default (EAD) takes interest and principal payments into account.

Expected loss given default (LGD) is calculated based on the difference between contractual cash flows and the cash flows which DLR expects to receive after default, including cash flows from realisation of collateral.

Forward-looking model

With a view to making the impairment model forward-looking, DLR uses the forward-looking factors designed by the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark. The model calculates a number of industry-specific "adjustment factors" on the basis of expectations for macroeconomic developments (GDP, interest rates, unemployment, etc.).

Scenarios

DLR's main scenario is assessed to be the most likely and is allocated a weight of 35 pct. This scenario applies existing property prices and PD levels.

In addition to the main scenario, DLR has incorporated four additional scenarios in which the following stress parameters are used

- Property prices fall by 30 pct., and PD increases by 100 pct., which is allocated a weight of 20 pct.
- Property prices fall by 15 pct., and PD increases by 50 pct., which is allocated a weight of 30 pct.
- Property prices rise by 10 pct., and PD remains unchanged, which is allocated a weight of 10 pct.
- Property prices rise by 20 pct., and PD remains unchanged, which is allocated a weight of 5 pct.

DLR's Management has estimated the probabilities of these scenarios, taking into account that there is an increased risk of significant price falls following a period of significant price increases. Conversely, after a period of significant price falls, there is a lower risk of "new additional price falls".

Impairment method – management overlay

In addition, a management overlay is made to the impairment to take account of any circumstances not captured by either the individual or the modelled impairment losses.

The management overlay is divided into two categories:

- Category 1: Expected losses which are difficult to calculate in a world of constant change, including the fact that the determination of individual impairment losses and modelled impairment to a large extent is based on historical data.
- Category 2: Errors and omissions in the calculation of expected losses, including errors and omissions in data or impairment models in general.

Category 1:

The determination of the management overlay is divided into the following sub-categories.

Impairment of loans secured against agricultural properties

The assessment is made for each of the following types of mortgage:

- Piglet producers
- Producers of slaughter pigs
- Arable farmers
- Dairy farmers
- Horticultural properties

The assessment of the need for any management overlay is based on settlement prices for the various agricultural products and pertaining costs combined with DLR's in-depth knowledge of the market. As the modelled impairment already takes substantial stress scenarios, such as consideration in the form of falling mortgage values and rising PDs, DLR has found that there is no need for additional management overlays, overlay based on ordinary balance sheet and operational considerations. However, reference is made to the section below regarding a special overlay for uncertainty related to the implementation of the "Agreement on a Green Denmark".

Overlay due to the situation in Ukraine, rising interest rates, inflation etc.

The economic situation continues to be affected by the effects of the war in Ukraine, the increased albeit falling inflation and significant increases in interest rates. In general, DLR's portfolio is considered to be relatively robust in relation to these impacts, and at the same time arrears levels are still very low.

Although recent indications are that the long-awaited economic slowdown for Denmark appears to become a soft landing, there is still increased uncertainty. It is the management's assessment that this uncertainty may lead to a higher risk of loss than that reflected in the individual and modelled impairment losses.

In relation to DLR's lending to production agriculture, special stress calculations have been carried out, based on the time in the financial crisis when the mortgage sector experienced the highest losses on agricultural lending. These calculations indicate a potential impairment, in addition to the already allocated individual and modelled impairment losses of DKK 55m, which is thus reserved as a management overlay to the impairment losses.

In relation to DLR's other lending for residential rental properties, office & retail properties, etc. there are still very low levels of arrears on these loans. However, according to management's assessment, there may still potentially be a higher risk of loss than what is reflected in the individual and modelled impairment losses. In order to quantify this potential additional risk, shadow calculations have been made based on the mortgage sector's losses during the financial crisis, for a cautious but not unrealistic outcome.

These calculations indicate a potential impairment, in addition to the already allocated individual and modelled impairment losses of DKK 96m, which is thus reserved as a management overlay to the impairment losses.

The total management overlay due to the situation in Ukraine, rising interest rates, inflation etc. is subsequently DKK 151m.

Supplement Due to Storm Surge and Cloudburst

As a general principle, DLR is attentive to ESG-related credit risks in connection with lending. However, there may be uncovered credit risks, and DLR does not have complete data support in this area. In the event of a storm surge or cloudburst, the borrower is typically expected to cover losses through the storm surge fund, their own insurance company, or by absorbing the loss personally. In exceptional cases, however, DLR may incur a loss. As a consequence of these risks, calculations have been carried out assuming that customers with strong credit quality or an LTV below 50 pct. can manage potential damages themselves, while customers with weaker credit quality and an LTV above 50 pct. may cause a loss for DLR. Based on these calculations, conducted by DLR's modeling department, an allocation of DKK 25m has been made.

Supplement due to uncertainty relating to the implementation of the "Agreement on a Green Denmark".

In 2024, a political agreement was reached on the framework for implementing a CO_{2e} tax on agriculture. This agreement will result in additional costs for the agricultural sector. However, the general assessment is that the CO_{2e} tax has been designed with a model and implementation period that will allow the sector as a whole to adapt and manage the changes.

In relation to the protection of nitrogen-sensitive marine areas and the regulation of nitrogen emissions to these areas, DLR assesses that there is a risk that certain agricultural operations may be affected to an extent that could impact the value of their properties and their ability to repay mortgage loans.

As a result, DLRs modelling department has conducted impact analyses of various price declines, estimating an additional impairment need ranging from DKK 8m to 31m. Based on this uncertainty, DKK 31m has been allocated to cover risks related to the implementation of nitrogen regulations for agriculture.

Category 2:

Impairment relating to model uncertainty: With respect to DLR's modelled impairment losses, a management assessment has resulted in additional impairment losses of DKK 10m relating to general model uncertainty.

Other circumstances regarding loans, advances and other receivables

Loans and advances cease to be recognised in the balance sheet when the loan has either been repaid or been transferred to DLR in connection with a forced sale or the like.

Claims previously written off which are expected to result in an inflow of future economic benefits are recognised in the balance sheet and adjusted through profit or loss. DLR is currently not believed to have any such claims.

Bonds at fair value

Bonds traded in active markets are measured at fair value. Index-linked bonds are recognised at the indexed value at the balance sheet date. Bonds not traded actively are recognised on the basis of a calculated market price.

The portfolio of own bonds is set off against the liability item "Issued bonds".

Shares etc.

Unlisted shares are measured at fair value. If the company provides a calculated price of its shares, this price is used. Alternatively, measurement is based on the company's equity value.

Land and buildings, domicile properties

On initial recognition, domicile properties are recognised at cost. Subsequently, domicile properties are measured at their revalued amounts, being the fair value at the revaluation date less any subsequent depreciation. Revaluations are performed annually to ensure that the carrying amount does not differ materially from the value which would have been determined using the fair value at the balance sheet date. The annual assessment is made by an in-house valuer specialising in the valuation of commercial property. In connection with the assessment of the fair value of the property, the lifetime and scrap value are also reassessed.

Subsequent improvement expenses are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, when it is probable that the expenses incurred will result in an inflow of future economic benefits for DLR and the expenses can be measured reliably. Ordinary repair and maintenance expenses or when it is doubtful whether the expense will result in an inflow of future economic benefits are recognised in the income statement as incurred.

Positive value adjustments of own properties are recognised in the revaluation reserve under equity. Any value impairment is recognised in the income statement unless the decrease offsets an increase in value previously recognised in the revaluation reserve.

Depreciation is provided on a straight-line basis over the estimated useful life of 50 years, taking into account the expected residual value at the end of the useful life. Land is not depreciated.

Other property, plant and equipment

Machinery, tools and equipment are measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the expected useful life of the asset, which is not to exceed five years.

On initial recognition, lease contracts for property, plant and equipment are recognised at the net value of the lease liability including costs. Subsequently, lease contracts for other property, plant and equipment are measured in the same way as other property, plant and equipment.

Current tax assets

Current tax assets are recognised in the balance sheet as the estimated tax charge on the taxable profit for the year adjusted for prepaid tax.

Temporary assets

Temporarily acquired properties are measured at the lower of cost and fair value less costs to sell.

The item includes properties acquired by DLR as part of measures to mitigate losses where, according to the strategy and expectations, DLR will only hold the properties in question temporarily.

Other assets

Other assets include interest receivable, sundry receivables and sundry debtors. Such assets are measured at amortised cost.

Also included are positive market values of derivative financial instruments (forward transactions with mortgage bonds) measured at fair value.

Prepayments

Prepayments comprise expenses incurred relating to subsequent financial years. Prepayments and deferred income are measured at cost.

Issued bonds at fair value

Issued mortgage bonds are measured at fair value. Bonds not traded actively are recognised on the basis of a calculated market price.

Issued bonds at amortised cost

Issued senior debt is measured at fair value on initial recognition and subsequently at amortised cost.

Other liabilities

Other liabilities include interest payable, sundry payables and sundry creditors such as balances with customers in connection with loans. Such liabilities are measured at amortised cost.

Also included are negative market values of derivative financial instruments (forward transactions with mortgage bonds) measured at fair value.

Deferred income

Deferred income comprises income received relating to subsequent financial years. Prepayments and deferred income are measured at cost.

Provisions for deferred tax

Deferred tax is calculated on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is recognised in the balance sheet as a net amount, which in DLR's case is a liability.

Subordinated debt

Subordinated debt is measured at fair value on initial recognition and subsequently at amortised cost.

Equity

The undistributable reserve derives from the conversion of DLR into a limited liability company at 1 January 2001, when an undistributable reserve corresponding to the value of contributed equity was established.

Proposed dividend concerns a dividend payment, which the shareholders are expected to approve.

Management review, continued

Series financial statements

Pursuant to the Danish FSA's executive order no. 872 of 20 November 1995 on series financial statements of mortgage credit institutions, mortgage credit institutions are required to prepare separate series financial statements for series with series reserve funds, see section 25(1) of the Danish Mortgage Credit Loans and Mortgage Credit Bonds etc. Act.

The series financial statements have been prepared on the basis of DLR's annual report.

The distribution of profit is adopted by the Board of Directors of DLR and has been incorporated in the series financial statements. The series' calculated share of DLR's profit for the year determined in accordance with the executive order has been taken to the general reserves.

The series financial statements have been reprinted at association level, see section 30(3) of the executive order.

Complete series financial statements may be obtained from DLR.

Series financial statements	B - SDO	DLR in general	Total
Income statement			
Administration and reserve fund contributions	1,955	12	1,967
Front-end fees	86	1	87
Interest on subordinated debt and guarantee capital	-96	-1	-97
Interest etc.	587	3	590
Market value adjustment of securities, foreign exchange, etc.	178	1	179
Administrative expenses etc.	-1,029	-6	-1,035
Write-offs and provisions for loans and advances	-35	0	-36
Tax	-431	-3	-433
Profit	1,215	7	1,222
Balance sheet			
Assets			
Mortgage loans	193,492	456	193,948
Arrears on mortgage loans before impairment	58	0	59
Provisions for loans, advances and arrears	-378	-7	-384
Prepayments	30	0	30
Other assets, including reserve fund loans	34,330	158	34,489
Total assets	227,533	608	228,141
Equity and liabilities			
Issued bonds etc.	201,579	482	202,061
Deferred income	1,598	4	1,602
Other liabilities	5,153	9	5,162
Subordinated debt	1,690	4	1,694
Equity	17,512	110	17,622
Total equity and liabilities	227,533	608	228,141
Addition or deduction of funds (net)	0	0	0
Balance sheet total in the series financial statements			
Balance sheet total according to DLR's annual report			206,552
Set-off of own mortgage bonds			21,384
Set-off of interest receivable on own bonds etc.			205
Balance sheet total in DLR's series financial statements			228,141

* In the balance sheet of the series financial statements, the portfolio of "Own mortgage bonds" is not set off against the liability item "Issued bonds etc.". As a result, the balance sheet total in the series financial statements is not consistent with the amount stated in the balance sheet of the DLR Annual Report.

Management's statement

The Board of Directors and the Executive Board have today considered and approved the annual report of DLR Kredit A/S for the financial year 1 January - 31 December 2024.

The annual report has been prepared in accordance with the requirements of the law, 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.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

Furthermore, it is our opinion that the Management review includes a fair presentation of the Company's activities and development and financial position, as well as a description of the principal risks and uncertainties that may affect the Company.

In our opinion, the annual report for the financial year 1 January to 31 December 2024 with the file name "DLR Kredit Annual Report 2024.zip", in all material respects has been prepared in accordance with the ESEF Regulation.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 7 February 2025

Executive Board

Jens Kr. A. Møller <i>Managing Director & CEO</i>	Pernille Lohmann <i>Managing Director</i>
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Board of Directors

Vagn Hansen <i>Chairman</i>	Stig Westergaard <i>Vice Chairman</i>
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Claus Andersen	Ole Beith
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Frank Mortensen	Lars Petersson
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Jakob G. Hald	Lars Faber	Randi Holm Franke
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Internal auditor's report

Report on the financial statements

Opinion

In our opinion, the financial statements of DLR Kredit A/S give a true and fair view of the Company's assets, liabilities, equity and financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Business Act and Danish disclosure requirements for issuers of listed bonds.

Furthermore, in our opinion, the Parent Company's risk management, compliance function, business procedures and internal controls in all critical audit areas have been organised and are working satisfactorily.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis of opinion

We have audited the financial statements of DLR Kredit A/S for the financial year 1 January - 31 December 2024. The financial statements have been prepared in accordance with the Danish Financial Business Act and Danish disclosure requirements for issuers of listed bonds.

We conducted our audit on the basis of the Danish Financial Supervisory Authority's executive order on auditing financial enterprises etc. as well as financial groups and in accordance with international auditing standards on planning and performing the audit work.

We assessed the Company's risk management, compliance function, business procedures and internal controls in all critical audit areas.

We planned and performed the audit to obtain reasonable assurance as to whether the Financial Statements are free from material misstatement. We participated in the audit of all critical audit areas.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement on the Management review

Management is responsible for the Management review.

Our opinion on the financial statements does not cover the Management review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management review and, in doing so, consider whether the Management review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the Management review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management review.

Copenhagen, 7 February 2025

Internal Audit

Brian Houmann Hansen
Chief Internal Auditor

Independent auditor's report

To the shareholders of DLR Kredit A/S

Opinion

We have audited the financial statements of DLR Kredit A/S for the financial year 1 January – 31 December 2024, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for issuers of listed bonds.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2024 and of the results of its operations for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for issuers of listed bonds.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of DLR Kredit A/S on 30 April 2020 for the financial year 2021. We have been re-elected annually by resolution of the Annual General Meeting for a total continuous assignment period of 4 years up until and including financial year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2024. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the below key audit matters. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of loans and provisioning for expected credit losses

Description of the matter

The Company's loans, advances and other receivables at fair value amounted to DKK 193,623 million at 31 December 2024 (DKK 181,956 million at 31 December 2023) and provisions for expected credit losses amounted to DKK 385 million at 31 December 2024 (DKK 373 million at 31 December 2023).

As described in the accounting policies (note 50) multiple variables are included in the measurement of expected credit losses related to loans measured value at fair value, and such variables are subject to significant estimation uncertainty. Such estimation uncertainty relates to - among other things - the realisable value of financed properties; estimating the 12-month and lifetime PDs (probability of default), scenarios regarding the future development of the real estate market. Additionally, expected credit losses are materially affected by managements estimates, which are established to account for risks which are not reflected in the individual credit loss assessment or the model-based credit losses (both the "in-model-adjustments" and the "post-model-adjustments").

For all loans with an objective indication of credit impairment (OIK), an individual credit loss assessment is applied, taking into consideration various weighted scenarios, including a sales scenario wherein the underlying collaterals are realised.

Credit losses for all other loans that either do not contain OIK, or OIK-exposures where the individual credit loss allowance is calculated at DKK 0, are calculated based on model-based calculations, taking into account the probability of

How the matter was addressed

Based on our risk assessment and knowledge of the industry, we performed the following audit procedures regarding measurement of loans, advances and other receivables at fair value:

- We have obtained an understanding of and tested the design and operating effectiveness of management's internal controls regarding measurement of expected credit losses on loans and receivables, including the monitoring of the exposures, staging of exposures and significant increases in credit risk, and valuation of underlying collateral.
- Assessment of the Company's methods for measuring expected credit losses, including an assessment as to whether methods applied for model-based and individual credit loss assessments comply with the accounting rules.
- On the basis of qualitative and quantitative sampling criteria, we have tested credit-impaired exposures on a sample basis, including assessing the assessment of the value of collateral and the conditions from management.
- With the involvement of our credit-risk specialists we have assessed the model-based credit losses, evaluated the completeness and accuracy of input data, the model's clerical methods and the Company's validation of the models and methods.
- We have tested on a sample basis the credit-risk ratings, staging and the conditions applied in the measurement of PD-, LGD- and EAD-values, which are a part of management's estimate of expected credit

default (PD), expected exposure to credit loss (Exposure At Default – “EAD”) and the expected loss in a default situation (Loss Given Default – “LGD”). The model includes both historical and forward-looking information, including expected future macroeconomic conditions.

The audit of the Company's estimated credit losses on loans and receivables etc. is associated with a high complexity as a result of the significant management and accounting estimates, which involves forward-looking information, an assessment of the realisable value of the collateral and models used for the estimation of expected credit losses. In addition, the current macroeconomic environment and geopolitical tension, requires that management supplement model-based credit losses with management estimates.

Reference is made to the accounting policies and notes 34, 35 and 36 to the financial statements for a description of the Company's credit risks and a description of uncertainties and estimates where circumstances that may affect the statement of expected credit losses are described.

losses on loans and receivables with respect to the model-based credit loss measurement.

- We have assessed the relevance of management's estimates, including whether management have appropriately included both qualitative and quantitative information, input from the Company's own specialists, performed sensitivity analyses and tests of consistency in the method to determine management's estimates.

We also assessed whether the note disclosures regarding exposures, credit losses and credit risks comply with the relevant accounting rules and tested the figures included therein (notes 11, 14, 19, 20 and 21).

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements of the relevant law and regulations.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the relevant law and regulations. We did not identify any material misstatement of the Management commentary.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for listed financial companies.

Management is also responsible for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements of DLR Kredit A/S, we performed procedures to express an opinion on whether the annual report of DLR Kredit A/S for the financial year 1 January – 31 December 2024 with the file name "DLR Kredit Årsrapport 2024.zip" is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes the preparing of the annual report in XHTML format.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The procedures consist of testing whether the annual report is prepared in XHTML format.

In our opinion, the annual report of DLR Kredit A/S for the financial year 1 January – 31 December 2024 with the file name "DLR Kredit Årsrapport 2024.zip" is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 7 February 2025
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Rhod Søndergaard
State Authorised Public Accountant
mne28632

Thomas Hjortkjær Petersen
State Authorised Public Accountant
mne33748

Shareholders in DLR Kredit A/S

**Year
end
2024**

Arbejdernes Landsbank A/S	Nykredit Realkredit A/S
Borbjerg Sparekasse	PRAS A/S
Danske Andelskassers Bank A/S	PRIPS2022 P/S
Djurslands Bank A/S	Ringkjøbing Landbobank A/S
Dragsholm Sparekasse	Rise Sparekasse
Faster Andelskasse	Rønde Sparekasse
Forvaltningsinstituttet for Lokale Pengeinstitutter	Skjern Bank A/S
Frørup Andelskasse	Spar Nord Bank A/S
Frøslev-Møllerup Sparekasse	Sparekassen Balling
Fynske Bank A/S	Sparekassen Bredebro
Fælleskassen	Sparekassen Danmark
Føroya Banki/Bankivik	Sparekassen Djursland
GrønlandsBANKEN A/S	Sparekassen for Nr. Nebel og Omegn
Hvidbjerg Bank A/S	Sparekassen Kronjylland
Jyske Bank A/S	Sparekassen Sjælland-Fyn A/S
Klim Sparekasse	Sparekassen Thy
Kreditbanken A/S	Stadil Sparekasse
Løllands Bank A/S	Suduroyar Sparikassi
Lån og Spar Bank A/S	Sydbank A/S
Merkur Andelskasse	Sydjysk Sparekasse
Middelfart Sparekasse	Sønderhå-Hørsted Sparekasse
Møns Bank A/S	Vestjysk Bank A/S
Nordfyns Bank	
Nordoya Sparikassi	

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