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To NASDAQ OMX Copenhagen

Today, the Board of Directors of DLR Kredit A/S approved the Interim Report for the first half of 2014.

We enclose the Interim Report for DLR Kredit A/S covering the period 1 January – 30 June 2014.

Yours sincerely

DLR Kredit A/S

Bent Andersen
Managing Director and CEO

Jens Kr. A. Møller
Managing Director

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Interim Report H1 2014

Management's Review

H1 2014 in headlines

- **Satisfactory financial results – DKK 432.0m before tax**
- **Core earnings improved by 12 pc compared to H1 2013**
- **Positive interest in new loan product: ARM Short**

Profit and loss account

For H1 2014, DLR's primary earnings driver – net interest income – which primarily comprises commission income relating to lending as well as return on the securities portfolio, amounted to DKK 755.6m. This constitutes an increase of 9.3 pc compared to H1 2013 when net interest income came to DKK 691.1m. Net fees and commissions came to an expense of DKK 115.8m for H1 2014 against an expense of DKK 109.6m for the same period in 2013.

Total costs (staff costs and administrative expenses as well as depreciation and impairment losses on tangible assets) showed a modest increase in H1 2014 compared with H1 2013 and came to DKK 103.0m (H1 2013: DKK 102.8m).

In H1 2014, DLR experienced a negative value adjustment of DKK 71.6m against a similar negative value adjustment of DKK 153.2m for the corresponding period of 2013. The negative adjustment is not as high as anticipated due to the development in interest rates and was caused by shorter maturities on the portfolio of short-term bonds with coupon rates exceeding market rates.

Provisions for loan and receivable impairment etc. impact the figures for H1 2014 negatively by DKK 42.3m. H1 2013 recorded an expense of DKK 46.5m.

In H1 2014, DLR generated a pre-tax profit of DKK 432.0m against DKK 288.6m in H1 2013.

Tax on the profit for the period has been calculated at DKK 106.3m, resulting in a profit for the period of DKK 325.7m against DKK 215.8m for the corresponding period of 2013.

Lending activities in H1 2014

DLR's total lending measured at fair value amounted to DKK 134.1bn at 30 June 2014.

In H1 2014, net lending amounted to a negative DKK 0.4bn (nominal), against a positive DKK 0.2bn for the corresponding period of 2013. For H1 2014 DLR's gross lending amounted a total of DKK 6.5bn, which constitutes an increase of 14 pc compared to the corresponding period of 2013. The main reason behind this is the remortgaging of F1 and F2 loans into DLR's new loan product, ARM Short. DLR introduced ARM Short (variable-interest CITA- or CIBOR-based bond loans) in December 2013, and H1 2014 saw a positive interest from borrowers in this loan type.

Balance Sheet

At the end of June 2014, DLR's balance sheet total amounted to DKK 141.4bn against DKK 146.9bn at the end of 2013.

Equity

At 30 June 2014, DLR's equity amounted to DKK 10,328.8m against DKK 9,984.3m at the end of 2013.

Solvency

At the end of H1 2014, DLR's capital base amounted to DKK 12,241.0m, while weighted assets have been calculated at DKK 95,732.3m, corresponding to a solvency ratio of 12.8 pc (including profit for the period) at 30 June 2014. Excluding profit for the period, the solvency ratio came to 12.5 pc.

Capital Structure

On 21 May 2014 DLR redeemed the remaining DKK 1,000.0m of the government hybrid core capital issued in summer 2009 according to the Danish "Bank Rescue Package II". The redemption was made with the permission of the Danish Financial Supervisory Authority - FSA (Finanstilsynet) using DLR generated funds.

At the end of H1 2014, DLR's total subordinated debt hereafter amounted to DKK 2,067.3m, stemming from private hybrid core capital. As regards the hybrid core capital of EUR 100m raised in 2005, only 80 pc of this amount can at 30 June 2014 be included in the calculation of DLR's solvency ratio, cf. the EU Capital Requirement Regulation.

Risk exposure

DLR's credit risk and market risk are considered limited. This is due to both a solid, legal basis and to DLR's internal credit policy guidelines. To this should be added the loss-mitigating measures, including the guarantee schemes that have been set up for DLR's various lending areas according to agreements with the banks that hold shares in DLR.

At the end of H1 2014, approximately 90 pc of DLR's total loan portfolio was comprised by loss-mitigating measures. The bulk of the loans that are not comprised by guarantees usually have a low LTV value.

Expectations for 2014

In connection with the redemption of DLR's remaining government hybrid core capital the performance forecast for 2014 was upgraded to be between DKKm 675-725 before tax, cf. Stock Exchange Announcement of 20 May 2014. The expectation is upgraded by DKKm 75 compared with the outlook announced in the Annual Report and the Stock Exchange Announcement for 2013.

Accounting Policies

DLR's Interim Report has been prepared in accordance with the accounting rules for mortgage banks issued by the Danish FSA as well as the disclosure requirements for issuers of listed bonds specified by NASDAQ OMX Copenhagen.

The accounting policies are unchanged as compared with the Annual Report 2013, except for the fact that the depreciation period for domicile properties has been extended from 30 to 50 years. For further details, see the section on Accounting Policies in DLR's Annual Report 2013, which may be downloaded from www.dlr.dk.

Profit and Loss Account and Statement of Comprehensive Income for the period 1 January – 30 June 2014

Note	(DKKm)	H1 2014	H1 2013
1	Interest income	1,906.9	1,980.8
2	Interest expenses	(1,151.3)	(1,289.7)
	Net interest income	755.6	691.1
	Dividends from shares etc.	0.6	0.6
	Fee and commission income	70.2	84.8
	Fee and commission paid	(186.0)	(194.4)
	Net interest and fee income	640.4	582.1
3	Value adjustments	(71.6)	(153.2)
	Other operating income	8.5	9.0
4	Staff costs and administrative expenses	(101.2)	(100.4)
11+12	Depreciation and impairment losses, tangible assets	(1.8)	(2.4)
5	Provisions for loan and receivable impairment etc.	(42.3)	(46.5)
	Profit before tax	432.0	288.6
	Tax	(106.3)	(72.8)
	Profit for the period	325.7	215.8

Statement of Comprehensive Income

Note	(DKKm)	H1 2014	H1 2013
	Profit for the period	325.7	215.8
	Revaluation of domicile properties	24.1	0.0
	Of which tax	(5.3)	0.0
	Other comprehensive income after tax	18.8	0.0
	Total comprehensive income for the period	344.5	215.8

Balance Sheet at 30 June 2014

Note	(DKKm)	30 June 2014	31 Dec. 2013
Assets			
	Cash in hand and demand deposits with central banks	189.6	251.8
	Receivables from credit institutions and central banks	2,120.2	3,360.8
7	Loans, advances and other receivables at fair value	134,088.6	133,892.7
7	Loans, advances and other receivables at amortised cost	22.8	17.4
9	Bonds at fair value	4,597.6	8,802.9
10	Shares etc.	70.2	71.5
11	Land and buildings, domicile properties	99.6	75.9
12	Other tangible assets	5.4	6.2
	Deferred tax assets	1.6	2.0
	Assets temporarily foreclosed	41.7	42.8
13	Other assets	142.6	353.1
	Prepayments	15.6	17.1
	Total assets	141,395.5	146,894.2
Liabilities and equity			
14	Issued bonds at fair value	120,953.1	125,433.7
15	Issued bonds at amortised cost	6,002.0	6,003.9
	Current tax liabilities	88.5	9.9
16	Other debt and payables	1,943.1	2,380.5
	Deferred income	7.9	4.4
	Total debt	128,994.6	133,832.4
	Provisions for deferred tax	4.8	0.0
	Total provisions	4.8	0.0
17	Subordinated debt	2,067.3	3,077.5
	Share capital	570.0	570.0
	Revaluation reserve	48.4	24.3
	Undistributable reserve	2,337.9	2,337.9
	Retained earnings	7,372.5	7,052.1
	Total equity	10,328.8	9,984.3
	Total liabilities and equity	141,395.5	146,894.2

Statement of Changes in Equity

(DKKm)	Share capital	Revalu- ation reserve	Undis- tributable reserve	Retained Earnings	Total
2013:					
Equity at 1.1.2013	534.4	24.3	2,337.9	6,072.2	8,968.8
Capital increase as of 4.9.2013	35.6	0.0	0.0	509.2	544.8
Profit for the year	0.0	0.0	0.0	470.7	470.7
Other comprehensive income after tax	0.0	0.0	0.0	0.0	0.0
Equity at 31.12.2013	570.0	24.3	2,337.9	7,052.1	9,984.3
2014:					
Equity at 1.1.2014	570.0	24.3	2,337.9	7,052.1	9,984.3
Profit for the period	0.0	0.0	0.0	325.7	325.7
Other comprehensive income after tax	0.0	24,1	0.0	(5.3)	18.8
Equity at 30.6.2014	570.0	48.4	2,337.9	7,372.5	10,328.8

The share capital is divided into shares of each DKK 1.00. The number of shares remains unchanged compared to end of 2013. DLR Kredit A/S has only one class of shares where all shares carry the same rights.

Notes to the Financial Statements

Note	(DKKm)	H1 2014	H1 2013
1	Interest income from:		
	Receivables from credit institutions and central banks	0.0	0.1
	Loans and advances	1,167.2	1,247.8
	Administration fees	701.2	701.8
	Bonds	182.2	207.2
	Other interest income	8.9	11.0
	Total interest income	2,059.5	2,167.9
	Interest from own mortgage bonds offset against interest on issued bonds	(152.6)	(187.1)
	Total	1,906.9	1,980.8
2	Interest expenses for:		
	Credit institutions and central banks	0.2	0.2
	Issued bonds	1,159.4	1,238.6
	Hybrid core capital	62.1	61.9
	Government hybrid core capital	35.7	121.0
	Senior debt	46.1	53.7
	Other interest expenses	0.4	1.4
	Total interest expenses	1,303.9	1,476.8
	Interest from own mortgage bonds offset against interest on issued bonds	(152.6)	(187.1)
	Total	1,151.3	1,289.7
	Of which interest expense from genuine sale and re-purchase transactions recognised as:		
	Payables from credit institutions and central banks	0.0	0.1
3	Value adjustments of:		
	Mortgage loans	691.9	(146.6)
	Bonds	(78.5)	(161.0)
	Shares etc.	(4.5)	0.0
	Other assets	0.4	1.0
	Foreign exchange	0.1	0.0
	Derivate financial instruments	11.2	7.0
	Issued bonds	(692.2)	146.4
	Total value adjustments	(71.6)	(153.2)

Notes to the Financial Statements

Note	(DKKm)	H1 2014	H1 2013
4	Staff costs and administrative expenses:		
	Salaries and remuneration to the Board of Directors and Executive Board		
	Executive Board	3.6	3.3
	Board of Directors	0.8	0.8
	Total	4.4	4.1
	The company has no pension obligations to the Board of Directors and Executive Board.		
	Staff costs		
	Salaries	42.3	41.0
	Pension costs	4.5	4.4
	Social security costs	6.5	6.3
	Total	53.3	51.7
	Other administrative expenses		
	Valuation expenses	5.8	6.2
	Office expenses etc.	25.3	22.2
	Audit, supervision etc.	4.0	5.1
	Other operating costs	8.4	11.1
	Total staff costs and administrative expenses	101.2	100.4
5	Provisions and impairment losses for loan and receivable impairment etc.		
	Impairment losses for the period	(35.5)	(36.0)
	Recovery of debt previously written off	0.5	0.6
	Provisions for the period	(95.7)	(124.7)
	Reversal of provisions	88.4	113.6
	Total provisions and impairment losses for loan and receivable impairment etc.	(42.3)	(46.5)

Notes to the Financial Statements

Note	(DKKm)	30 June 2014	31 Dec. 2013
6	Provisions for loan and receivable impairment etc.		
	Individual provisions		
	Provisions, loans and guarantees, beginning-of-year	342.3	287.8
	Provisions during the period	86.7	190.2
	Reversal of provisions	(87.7)	(135.7)
	Provisions, end-of-period	341.3	342.3
	Collective provisions		
	Provisions, loans and guarantees, beginning-of-year	39.3	57.1
	Provisions during the period	9.0	6.8
	Reversal of provisions	(0.7)	(24.6)
	Provisions, end-of-period	47.6	39.3
	Total provisions for loan and receivable impairment etc., end-of-period	388.9	381.6
7	Loans and advances		
	Mortgage loans, nominal value	132,236.2	132,694.4
	Adjustment for interest risk etc.	2,121.7	1,441.7
	Adjustment for credit risk	(364.4)	(351.1)
	Total mortgage loans at fair value	133,993.5	133,785.1
	Arrears and outlays	95.1	107.6
	Other loans and advances	22.8	17.4
	Total loans and advances	134,111.4	133,910.1
	Pursuant to special legislation, a government guarantee of DKK 679.5m has been provided as supplementary security for young farmers' loans. A guarantee of DKK 642.9m has been provided for advance loans. As supplementary guarantee for mortgage loans, bankers' guarantees of DKK 17,224.6m have been provided.		
8	Mortgage loans (nominal value) by property category, in pc		
	Agricultural properties	63.7	63.8
	Owner-occupied dwellings	6.2	6.2
	Subsidised rental housing properties	0.2	0.2
	Private rental housing properties	13.1	13.2
	Office and business properties	15.4	15.4
	Properties for manufacturing and manual industries	0.4	0.4
	Other properties	1.0	0.8
	Total, in pc	100.0	100,0

Notes to the Financial Statements

Note	(DKKm)	30 June 2014	31 Dec. 2013
9	Bonds at fair value		
	- Own mortgage bonds	15,665.4	59,760.9
	- Other mortgage bonds	4,597.6	8,802.9
	- Other bonds	64.7	42.9
	Total bonds	20,327.7	68,606.7
	Own mortgage bonds offset against issued bonds	(15,730.1)	(59,803.8)
	Total	4,597.6	8,802.9
10	Shares etc.		
	Other shares	70.2	71.5
	Total shares etc.	70.2	71.5
11	Land and buildings		
	Domicile properties		
	Fair value, beginning-of-year	75.9	78.2
	Additions during the period	0.0	0.0
	Depreciation	(0.4)	(2.3)
	Value changes recognised in other comprehensive income	24.1	0.0
	Fair value, end-of-period	99.6	75.9
12	Other tangible assets		
	Cost, beginning-of-year	32.1	32.4
	Additions during the period	0.6	4.3
	Disposals during the period	0.0	(4.6)
	Cost, end-of-period	32.7	32.1
	Depreciation, beginning-of-year	25.9	27.8
	Depreciation for the period	1.4	2.5
	Depreciation written back	0.0	(4.4)
	Depreciation, end-of-period	27.3	25.9
	Total other tangible assets	5.4	6.2
13	Other assets		
	Positive market value of derivative financial instruments etc.	21.7	67.8
	Other receivables	53.0	74.1
	Interest and commission receivable	67.9	211.2
	Total	142.6	353.1

Notes to the Financial Statements

Note	(DKKm)	30 June 2014	31 Dec. 2013
14	Issued bonds at fair value		
	Mortgage bonds - nominal value	134,540.0	183,345.0
	Fair value adjustment	2,143.2	1,892.5
	Own mortgage bonds offset – at fair value	(15,730.1)	(59,803.8)
	Mortgage bonds at fair value	120,953.1	125,433.7
	Of which pre-issued	0.0	45,761.9
	Drawn for redemption in next term	847.3	713.1
15	Issued bonds at amortised cost		
	Issued bonds concerning state guaranteed senior debt	6,000.0	6,000.0
	Employee bonds	2.0	3.9
	Issued bonds at amortised cost in total	6,002.0	6,003.9
16	Other debt and payables		
	Negative market value of derivative financial instruments etc.	0.0	26.8
	Interest and commission payable	993.9	1,546.3
	Other payables	949.2	807.4
	Total	1,943.1	2,380.5
17	Subordinated debt		
	Hybrid core capital ¹⁾	2,067.3	2,077.5
	Government hybrid core capital ²⁾	0.0	1,000.0
	Total subordinated debt	2,067.3	3,077.5
	1) Hybrid core capital in DLR Kredit: An amount of DKK 1,300m was raised on 27 August 2012. The maturity is perpetual. The interest rate is floating and based on the six-month money market interest rate (CIBOR) with addition of 8.25 pc p.a. The total hybrid core capital can be included in the capital base at 30 June 2014. Interest: DKK 57.2m. EUR 100m raised on 16 June 2005. The loan is perpetual. The loan carries a fixed rate of 4.269 pc p.a. up to 16 June 2015 after which it will carry a floating interest rate pegged to the 3-month money market interest rate (EURIBOR) with an addition of 1.95 pc p.a. 80 pc of the hybrid core capital can be included in the capital base at 30 June 2014, cf. the EU Capital Requirement Regulation (CRR), Art. 486. Interest: DKK 4.9m.		
	2) Government hybrid core capital in DLR Kredit: On 21 May 2014 DLR redeemed the remaining DKK 1,000.0m of the government hybrid core capital issued on 26 June 2009. Interest: DKK 35.7m. Extraordinary prepayments: DKK 1,000.0m		

Notes to the Financial Statements

Note						
18 Financial and operating data and Financial Ratios						
Financial and operating data, DKKm		2014	2013	2012	2011	2010
Profit and Loss Account		H1	H1	H1	H1	H1
Net interest and fee income		640.4	691.1	478.5	432.4	298.7
Other operating income etc.		8.5	9.20	9.2	9.1	8.8
Staff costs and administrative expenses		(103.0)	(102.8)	(100.3)	(93.3)	(96.6)
Core earnings		545.9	488.3	387.4	348.2	210.9
Provisions for loan and receivable impairment etc.		(42.3)	(46.5)	(47.6)	(60.6)	(61.4)
Value adjustments		(71.6)	(153.2)	(59.3)	(215.5)	104.9
Profit before tax		432.0	288.6	280.5	72.1	254.4
Profit after tax		325.7	215.8	210.0	53.7	190.1
Balance Sheet at 30 June						
Assets						
Loans and advances		134,111.4	135,478.6	134,214.6	132,347.3	133,702.7
Bonds and shares etc.		4,667.8	1,677.3	1,918.1	2,164.3	1,440.4
Other assets		2,616.3	4,316.1	3,531.5	4,982.8	2,681.4
Total assets		141,395.5	141,472.0	139,664.2	139,494.4	137,824.5
Liabilities and equity						
Issued bonds		126,955.1	123,290.2	120,529.4	116,071.3	119,199.0
Other debt and payables		2,044.3	4,911.1	5,711.0	10,651.6	6,279.3
Subordinated debt		2,067.3	4,086.1	5,627.7	5,595.9	5,620.9
Equity		10,328.8	9,184.6	7,796.1	7,175.6	6,725.3
Total liabilities and equity		141,395.5	141,472.0	139,664.2	139,494.4	137,824.5
Financial Ratios						
Return on equity (ROE)						
Profit before tax in pc of equity *)		4.3	3.2	3.6	1.0	3.8
Profit after tax in pc of equity *)		3.2	2.4	2.7	0.8	2.9
Costs						
Income/cost ratio *)		3.97	2.93	2.90	1.47	2.61
Income/cost ratio, excl. write-downs for impairment		5.60	4.26	4.27	2.42	4.27
Solvency						
Solvency ratio, pc (incl. profit for the period)		12.8	12.6	12.6	12.3	11.7
Solvency ratio, pc (excl. profit for the period) *)		12.5	12.4	12.4	12.2	11.6
Core capital ratio, pc (incl. profit for the period)		12.8	12.6	12.6	12.3	11.7
Core capital ratio, pc (excl. profit for the period) *)		12.5	12.4	12.4	12.2	11.5
Losses and arrears						
Arrears, period-end (DKKm)		122.7	149.0	192.9	206.6	230.5
Loss and impairment ratio for the period (pc of loan portf.) *)		0.03	0.03	0.04	0.05	0.05
Accumulated loss and impairment ratio (pc of loan portfolio)		0.29	0.26	0.25	0.25	0.24
Lending activity						
Growth in loan portfolio, pc (nominal) *)		(0.4)	0.0	1.3	0.0	1.4
New loans, gross (DKKm)		6,460	5,644	8,067	5,095	9,477
Number of new loans		2,125	2,499	3,284	2,055	2,041
Loan/equity ratio *)		13.0	14.8	17.2	18.4	19.9
Margins						
Administrative margin in pc of average loan portfolio		0.53	0.53	0.46	0.39	0.36
Foreign exchange position in pc of core capital after deductions*)		1.4	0.8	9.1	12.6	10.8

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

Management's Statement on the Interim Report

Today, the Board of Directors and the Executive Board reviewed and approved the Interim Report for the period 1 January – 30 June 2014 of DLR Kredit A/S.

The Interim Report has been prepared in accordance with the accounting provisions for mortgage banks laid down by the Danish Financial Supervisory Authority and the additional disclosure requirements provided by the NASDAQ OMX Copenhagen for issuers of listed bonds.

Management's Review constitutes a fair review of the development in the Company's activities and financial position as well as a description of the most material risks and uncertainties that may influence the Company.

In our opinion, the accounting policies applied are appropriate and ensure that the Interim Financial Statements give a true and fair view of the Company's assets, liabilities, equity and financial position at 30 June 2014 and of the results of the Company's operations and cash flows for the period 1 January – 30 June 2014.

The Interim Report has not been subject to audit or review.

Copenhagen, 14 August 2014

Executive Board

Bent Andersen
Managing Director, CEO

Jens Kr. A. Møller
Managing Director

Board of Directors

Vagn Hansen
Chairman

Anders Dam
Deputy Chairman

Claus Andreasen

Ole Selch Bak

Karen Frøsig

Peter Gæmelke

Jakob G. Hald

Søren Jensen

Agnete Kjærsgaard

Lars Møller

Torben Nielsen

Benny Pedersen

Jan Pedersen

Lars Petersson