



Interim report H1 2016

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Management's Review

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DLRkredit in key figures*

Profit and Loss Account*	Year to date		Ratio 16/15
	Q2 2016	Q2 2015	
Administration fee income	725	719	101
Other core income, net	35	44	81
Interest expenses, subordinated debt	-	(4)	-
Interest expenses, senior debt	(24)	(39)	62
Fee and commission income, net	(133)	(126)	106
Core income (mortgage credit income)	603	593	102
Staff costs and administrative expenses, etc.	(122)	(110)	111
Provision for loan and receivable impairment, etc.	(83)	(49)	170
Results from core activities (mortgage credit earnings)	398	435	92
Portfolio earnings (securities)	118	(1)	
Profit before tax	517	434	119
Profit after tax	403	332	121

Comparison with other quarters				
Q2 2016	Q1 2015	Q4 2015	Q3 2015	Q2 2015
364	362	361	361	361
19	17	22	21	24
-	-	-	-	(2)
(15)	(10)	(10)	(16)	(16)
(71)	(62)	(36)	(56)	(66)
297	306	337	309	300
(61)	(61)	(62)	(52)	(54)
(44)	(39)	(39)	(6)	(10)
192	206	235	251	236
75	43	13	(57)	(134)
267	249	248	194	102
209	194	190	148	78

Balance Sheet at 31 March	Q2 2016	Q2 2015	Ratio 16/15
Assets			
Loans and advances	136.891	132.621	103
Bonds and shares	12.673	7.898	160
Other assets	1.167	3.663	32
Total assets	150.731	144.182	105
Liabilities and equity			
Issued bonds	137.203	126.945	108
Other debt and payables	1.206	5.030	24
Equity	12.322	12.207	101
Total liabilities and equity	150.731	144.182	105

Q2 2016	Q1 2015	Q4 2015	Q3 2015	Q2 2015
136.891	134.237	133.038	132.236	132.621
12.673	11.623	12.033	9.691	7.898
1.167	2.413	3.371	4.368	3.663
150.731	148.274	148.442	146.294	144.182
137.203	134.797	134.342	131.402	126.945
1.206	1.342	1.597	2.557	5.030
12.322	12.135	12.503	12.335	12.207
150.731	148.274	148.442	146.294	144.182

Financial ratios**	Q2 2016	Q2 2015
Return on equity (ROE)		
Profit before tax in pc of equity	4,2%	3,8%
Profit after tax in pc of equity	3,2%	2,9%
Return on hybrid core capital	4,2%	4,4%
Return on equity excl. hybrid core capital	2,9%	2,6%
Solvency		
Capital ratio ***	14,5%	12,4%
Lending Activity		
Growth in loan portfolio, pc (nominel)	1,9	(0,1)
New loans, gross (DKKm)	8.793	13.641
Number of new loans	2.740	5.314
Loan/equity ratio	11,1	12,2

Q2 2016	Q1 2015	Q4 2015	Q3 2015	Q2 2015
2,2%	2,0%	2,0%	1,6%	0,8%
1,7%	1,6%	1,6%	1,2%	0,6%
2,1%	2,1%	2,1%	2,1%	2,2%
1,5%	1,4%	1,4%	1,0%	0,5%
14,5%	14,8%	12,9%	12,4%	12,4%
1,9	0,5	0,6	0,1	(0,1)
8.793	3.914	23.469	17.247	13.641
2.740	1.353	8.585	6.684	5.314
11,1	11,1	10,6	12,0	12,2

*) A change has been made to DLR's accounting policies in respect of the classification of interest expenses relating to hybrid core capital. Comparative figures for 2015 have been adjusted. Please refer to note 1 "Accounting Policies" for details.

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

***) The capital ratio for 2016 has been calculated under consideration that DLR has been recognised as an IRB institution in regard to lending to production farms. For 2015 the capital ratio has been calculated according to the standard method.

H1 2016 in headlines

- Core income amounted to DKK 603m – which is an increase of DKK 10m compared to the same period in 2015
- Provisions for loan and receivable impairment (impairment losses and write-downs) amounted to DKK 83m
- Portfolio earnings amounted to DKK 118m which is an improvement of DKK 119m
- Profit before tax came to DKK 517m which is an increase of 19 % compared to the same period in 2015
- After tax on profit for the period and reimbursements to owners of hybrid core capital, DKK 360m has been retained to equity
- In H1, the loan portfolio calculated at nominal value increased by DKK 2,6bn

Statements by Management

In connection with the publication of the Interim Report for H1 2016, managing director and CEO Jens Kr. A. Møller states:

”DLR’s profit before tax for H1 2016 at DKK 517m is satisfactory and slightly better than expected. The result has been positively influenced by the falling interest rate level throughout the first half of 2016.

It is gratifying that DLR’s loan portfolio has been increasing through H1 2016, and this applies to both agricultural and urban trade property loans.

The difficult financial conditions for parts of the agricultural industry have resulted in an increase in the level of losses and provisions for impairment compared to 2015. For DLR, the ascertained losses from the loss offset agreements with the banks are mitigated.

Comments on results for the period

Profit and loss account

In H1 2016, DLR achieved a satisfactory profit before tax at DKK 517m which is DKK 83m more than for the same period in 2015.

After tax, profit came to DKK 403m for H1 2016.

DLR’s earnings primarily stem from:

- Core earnings: Return on mortgage credit operations in the form of administration fee income, fees and commissions, etc. less the related administrative expenses as well as impairment losses and write-downs.
- Portfolio earnings: Return on the securities portfolio

Table 1. Profit and loss account, DKKm

Profit and Loss Account*	Q2 2016	Q2 2015
Administration fee income	725	719
Other core income, net	35	44
Interest expenses, subordinated debt	-	(4)
Interest expenses, senior debt	(24)	(39)
Fee and commission income, net	(133)	(126)
Core income (mortgage credit income)	603	593
Staff costs and administrative expenses, etc.	(122)	(110)
Provision for loan and receivable impairment, etc.	(83)	(49)
Results from core activities (mortgage credit earnings)	398	435
Portfolio earnings (securities)	118	(1)
Profit before tax	517	434
Profit after tax	403	332

Core earnings

Core earnings came to DKK 725m, which is DKK 6m better compared to the same period in 2015. The increase is due to a higher loan portfolio.

Interest expenses for senior loans amounted to DKK 24m which is DKK 15m less than for the same period in 2015. The lower expenses are due to a lower interest rate than for the same period in 2015.

Fees and commissions comprise income from fees and brokerage in connection with payment and repayment of mortgage credit loans as well as trading margin on refinancing and loan disbursements. Fee and commission payments relate to expenditure to financial institutions that have provided loans to DLR. The expenses include both loan-provision commission and commission for provision of loss guarantees, etc.

Net fee and commission paid constituted expenses of DKK 133m against expenses at DKK 126m in the same period of 2015.

Subsequently, core income amounted to DKK 603m, which is DKK 10m more than for the same period in 2015. The increase constitutes 1.7 pc.

Staff costs and administrative expenses, etc. increased from DKK 110m in H1 2015 to DKK 122m in 2016, which is an increase of 11 pc. DKK 7.4m of the increase constitutes an expense to the statutory settlement funds, which was not incumbent on DLR in the same period of 2015. Excluding the expenses to the settlement funds, the cost increase amounted to 4 pc.

Provisions for loan and receivable impairment, including adjustments from previous years, have been calculated at DKK 83m, which is an increase of DKK 34m compared to same period of 2015.

Portfolio earnings

Portfolio earnings amounted to income at DKK 118m against an expense of DKK 1m in 2015. The relatively high return should be seen in connection with the low interest rate level in 2016.

At the end of H1 2016, DLR's bond holdings (excl. temporary excess liquidity) amounted to DKK 20.8bn.

Allocation of comprehensive income for the period

Comprehensive income for the period came to DKK 403m, of which DKK 55m has been paid to owners of hybrid core capital. As this expense is deductible, DLR's net expenses amount to DKK 43m. Overall, this entails that DKK 360m has been transferred to DLR's equity.

Balance sheet

At the end of H1 2016, mortgage loans amounted to DKK 135.0bn which is an increase of DKK 2.6bn compared to year-end 2015.

Bonds at fair value amounted to DKK 29.2bn of which own funds amounted to DKK 16.6bn which are offset against bond issued at fair value. While DKK 12.6bn stem from positions in government bonds and bonds from other institutions.

Besides bonds at fair value DLR had other funds which amounted to DKK 0.9bn, why the total fund assets amounted to DKK 30.1bn.

Bonds issued at amortised cost increased by DKK 4bn in H1 2016. The increase relates to the raising of senior loan, see the above mentioned paragraph on "Core earnings".

At the end of H1 2016, DLR's balance sheet total came to DKK 150.7bn, which is an increase of DKK 2.3bn compared to year-end 2015.

Capital and solvency

Table 2. DLR's capital and solvency

Capital and solvency	30 June 2016	31 December 2015
Equity	12,322	12,503
Profit not recognised in equity	-	-
Hybrid core capital recognised in equity	(1,300)	(1,300)
Deductions as a consequence of prudent valuation	(22)	(17)
Difference between expected loss and write downs	(713)	-
Deferred tax	(1)	(1)
Actual core capital	10,285	11,185
Hybrid core capital	1,300	1,300
Capital base	11,585	12,485
Risk-weighted exposure with credit risk, etc.	73,970	91,278
Risk-weighted exposure with market risk	3,571	3,505
Risk-weighted exposure with operational risk	2,249	2,249
Total risk-weighted exposure	79,790	97,032
Actual core capital ratio	12.9%	11.5%
Capital ratio	14.5%	12.9%
***) The capital ratio for H1 2016 is calculated under consideration that DLR has been recognised as an IRB institution in regard to lending to production farms. For all other periods the capital ratio has been calculated according to the standard method.		

Capital base:

In 2016, DLR has been repurchasing own shares at a value of DKK 542m which has, seen in isolation, reduced the capital base. Furthermore, DLR has been recognised as an IRB institution in regard to lending to production farms, which means that the difference between "Expected losses in the IRB model" and "Accounting impairment provisions" must be deducted from the capital base.

The amount of DKK 360m transferred to equity (cf. the section: "Allocation of comprehensive income for the period") is included in the capital base.

At the end of H1 2016, DLR's capital was based solely on core capital and hybrid core capital, which is non-callable on the debtor's part and amounted to DKK 11.6bn at the end of H1 2016 against DKK 12.5bn at the end of 2015.

Risk exposure:

In H1 2016, the weighted risk exposure including credit risk fell from DKK 91.3bn to DKK 74.0bn which is primarily due to the above IRB approval.

Capital ratio:

Thus, the capital ratio can be calculated at 14.5 at the end of H1 2016 against 12.9 at the end of 2015. The actual core capital ratio amounted to 12.9 at the end of H1 2016 against 11.5 at the end of 2015.

Risk management

DLR's credit and market risks are estimated as limited. This is due to partly the statutory requirements, partly DLR's internal credit policy guidelines. To this should be added the loan loss schemes, including guarantee provision, that have been set up for DLR's various lending areas according to agreements with the shareholding banks.

For further information of both market and credit risks, please refer to DLR's Risk and Capital Management Report 2015 that may be accessed at www.dlr.dk.

Arrears and forced sales

At the end of H1 2016, non-paid mortgage payments due to DLR amounted to DKK 134m against DKK 122m at the end of 2015. Of this amount, the bulk stems from term payments that are not more than 3½ months overdue.

The number of implemented forced sales of properties in which DLR holds a mortgage came to 69 in H1 2016. DLR took over 26 of these properties.

DLR's portfolio of such properties contained 26 properties at the end of H1 2016.

The value of these properties came to DKK 122m at the end of H1 2016 against DKK 62m at the end of 2015.

Outlook for 2016 as a whole

In 2016, DLR expects the performance to remain at a satisfactory level, however slightly below results for 2015, which amounted to DKK 875m before tax.

Expectations remain unchanged compared to the outlook in DLR's latest Annual Report, and therefore DLR still expects core earnings for 2016 at around DKK 700m to DKK 800m.

Accounting policies

DLR's Interim Report for H1 has been prepared in accordance with the accounting rules for mortgage banks issued by the Danish Financial Supervisory Authority (FSA) as well as the disclosure requirements for issuers of listed bonds specified by NASDAQ Copenhagen.

Compared to the Annual Report 2015, the accounting policies are unchanged. For further information, please refer to the description of accounting policies in the Annual Report 2015 at www.dlr.dk.

Further information

For access to supplementary information about DLR, please refer to www.dlr.dk where i.a. the Annual Report for 2015 as well as the Risk and Capital Management Report may be downloaded.

Also, supplementary information about cover pools and rating conditions for DLR can be found at DLR's website.

Contact persons

Please address any inquiries concerning the financial statements to:
Managing Director and CEO Jens Kr. A. Møller, phone +45 33 42 07 24, or
Managing Director Michael Jensen, phone +45 33 42 07 06

Profit and Loss Account and Statement of Comprehensive Income		DKKm	
Note		H1	H1
	Profit and loss account	2016	2015
1	Interest income	1.706	1.843
2	Interest expenses	(866)	(979)
	Net interest income	840	864
	Udbytte af aktier m.v.	-	-
	Fee and commission income	62	82
	Fee and commission paid	(196)	(208)
	Net interest and fee income	707	739
3	Value adjustments	6	(155)
	Other operating income	9	9
4	Staff costs and administrative expenses	(113)	(108)
	Depreciation and impairment losses	(2)	(2)
	Other operating expenses	(7)	-
5	Provisions for loan and receivable impairment, etc.	(83)	(49)
	Profit before tax	517	434
	Tax	(114)	(102)
	Profit	403	332
Note		H1	H1
	Statement of Comprehensive Income	2016	2015
	Profit	403	332
	Revaluation of domicile properties	-	-
	Of which tax	-	-
	Other total comprehensive income after tax	-	-
	Total comprehensive income	403	332
	Attributable to:		
	Shareholders of DLR Kredit A/S*	348	275
	Owners of hybrid core capital	55	57
	Total comprehensive income	403	332
	* In addition the shareholders of DLR Kredit A/S receive 12 mio. DKK as a result of a tax deduction on payment to owners of hybrid core capital.		

Balance Sheet		DKKm	
Note	30 June 2016	31 December 2015	
Assets			
	48	249	
	722	2,713	
7	136,870	133,016	
7	21	22	
9	12,614	11,978	
10	59	55	
11	98	98	
12	4	5	
	1	1	
	122	62	
13	147	223	
	24	19	
Total assets	150,731	148,442	
Liabilities and equity			
14	129,203	130,342	
15	8,000	4,000	
	58	4	
16	1,139	1,585	
	4	2	
Total debt	138,405	135,934	
	4	5	
Total provisions	4	5	
	570	570	
	43	43	
	2,338	2,338	
	8,071	8,252	
	1,300	1,300	
Total equity	12,322	12,503	
Total liabilities and equity	150,731	148,442	
Off-balance sheet items	17	16	

Statement of Changes in Equity							DKKm
	Share capital 1)	Revaluation reserve	Undistributable reserve	Retained earnings	Owners of hybrid core capital 2)	Total	
2015							
Equity at 1 January 2015	570	43	2.338	7.667	1.300	11.919	
Profit for the year	-	-	-	558	112	670	
Domicile properties	-	-	-	-	-	-	
<u>Transactions with owners</u>							
Interest on hybrid core capital	-	-	-	-	(112)	(112)	
Tax	-	-	-	26	-	26	
	-	-	-	-	-	-	
Equity at 31 December 2015	570	43	2.338	8.252	1.300	12.503	
2016							
Equity at 1 January 2016	570	43	2.338	8.252	1.300	12.503	
Profit	-	-	-	348	55	403	
Domicile properties	-	-	-	-	-	-	
<u>Transactions with owners</u>							
Own shares	-	-	-	(542)	-	(542)	
Interest on hybrid core capital	-	-	-	-	(55)	(55)	
Tax	-	-	-	12	-	12	
	-	-	-	-	-	-	
Equity at 30 June 2016	570	43	2.338	8.071	1.300	12.322	
<p>1) The share capital is divided into shares of each DKK 1.00. DLR Kredit A/S has only one class of shares where all shares carry the same rights.</p> <p>2) Hybrid core capital that comply with the rules in the Capital Requirements Regulation (CRR).</p> <p>The DKK 1,300m with a conversion obligation was raised on 27 August 2012. The maturity is infinite. The interest rate is floating and based on the six-months money market interest rate (CIBOR) with addition of 8.25 per cent. The total hybrid core capital can be included in the capital base at 30 June 2016.</p> <p>Interest: 55 DKKm</p>							

Capital and solvency	30 June 2016	31 December 2015
Equity	12,322	12,503
Profit not recognised in equity	-	-
Hybrid core capital recognised in equity	(1,300)	(1,300)
Deductions as a consequence of prudent valuation	(22)	(17)
Difference between expected loss and write downs	(713)	-
Deferred tax	(1)	(1)
Actual core capital	10,285	11,185
Hybrid core capital	1,300	1,300
Capital base	11,585	12,485
Risk-weighted exposure with credit risk, etc.	73,970	91,278
Risk-weighted exposure with market risk	3,571	3,505
Risk-weighted exposure with operational risk	2,249	2,249
Total risk-weighted exposure	79,790	97,032
Actual core capital ratio	12.9%	11.5%
Capital ratio	14.5%	12.9%
***) The capital ratio for H1 2016 is calculated under consideration that DLR has been recognised as an IRB institution in regard to lending to production farms. For all other periods the capital ratio has been calculated according to the standard method.		

Noter		DKKm	
		H1	H1
		2016	2015
1	Interest income from:		
	Receivables from credit institutions and central banks	0	0
	Loans and advances	913	1,029
	Administration fees	725	719
	Bonds	114	168
	Other interest income	19	19
	Total interest income	1,771	1,934
	Interest from own mortgage bonds offset against interest on issued bonds	(65)	(91)
	Total	1,706	1,843
2	Interest expenses for:		
	Credit institutions and central banks	1	3
	Issued bonds	910	1,023
	Hybrid core capital (non CRR-compliant)	-	4
	Senior debt	20	39
	Other interest expenses	0	0
	Total interest expenses	931	1,070
	Interest from own mortgage bonds	(65)	(91)
	Total	866	979
	Of which interest expenses from genuine sale and repurchase transactions recognised as		
	Debt to credit institutions and central banks	-	-
3	Value adjustments of:		
	Mortgage loans	1,295	(478)
	Bonds	15	(150)
	Shares, etc.	2	(14)
	Other assets	0	1
	Foreign exchange	(3)	5
	Derivative financial instruments	(9)	3
	Issued bonds	(1,295)	478
	Total value adjustments	6	(155)
4	Staff costs and administrative expenses:		
	Salaries and remuneration to the Board of Directors and Executive Board		
	Executive Board*	3.3	5.0
	Board of Directors	1.0	1.0
	Total	4.3	6.0
	The company has no pension obligations to the Board of Directors and Executive Board.		
	Staff costs		
	Salaries	49	46
	Pension costs	5	5
	Social security costs	10	8
	Total	64	59
	Other administrative expenses		
	Valuation expenses	6	7
	Office expenses, etc.	24	24
	Audit, supervision, etc.	6	4
	Other operating costs	8	8
	Total staff and administrative expenses	113	108
	* In the first six months 2015, there were three members of the executive board in the period 1 of January - 30 of April 2015.		

Noter		DKKm	
		30 June 2016	31 December 2015
5	Provisions and impairment losses for loan and receivable impairment etc.		
	Impairment losses for the period	(64)	(6)
	Recovery of debt previously written off	1	3
	Provisions for the period	(153)	(143)
	Reversal of provisions	133	98
	Total provisions and impairment losses for loan and receivable impairment etc.	(83)	(49)
6	Provisions for loan and receivable impairment, etc.		
	Individual provisions		
	Provisions, loans and guarantees, beginning-of-year	445	333
	Provisions for the period	129	235
	Reversal of provisions	(108)	(123)
	Provisions, end-of-period	467	445
	Collective provisions		
	Provisions, loans and guarantees, beginning-of-year	145	198
	Provisions for the period	23	-
	Reversal of provisions	(25)	(54)
	Provisions, end-of-period	143	145
	Total provisions for loan and receivable impairment etc., end-of-period	610	590
7	Loans and advances		
	Mortgage loans, nominal value	135,030	132,455
	Adjustment for interest rate risk	2,304	1,015
	Adjustment for credit risk	(576)	(562)
	Total mortgage loans at fair value	136,759	132,908
	Arrears and outlays	111	108
	Other loans and advances	21	22
	Total loans and advances	136,891	133,038
	Pursuant to special legislation, a government guarantee of DKK 578m has been provided as supplementary security for loans to young farmers.		
	Interim loan guarantees of DKK 780m have been provided for debt rescheduling loans.		
	As supplementary security for mortgage loans apart from mortgages, bankers' guarantees of DKK 16,525m have been provided.		
8	Mortgage loans (nominal value) by property category (as a percentage)		
	Agricultural properties	63	64
	Owner-occupied dwellings	6	6
	Subsidised rental housing properties	0	0
	Private rental housing properties	14	13
	Office and business properties	15	15
	Properties for manufacturing and manual industries	1	1
	Properties for social, cultural and educational purposes	0	0
	Other properties	1	1
	Total, as a percentage	100	100

Noter		DKKm	
		30 June	31 December
		2016	2015
9	Bonds at fair value		
	- Own mortgage bonds	16,619	26,235
	- Other mortgage bonds	10,436	10,635
	- Government bonds	2,178	1,343
	- Other bonds	(0)	-
	Total bonds	29,233	38,213
	Own mortgage bonds offset against issued bonds	(16,619)	(26,235)
	Own other mortgage bonds offset against issued bonds	-	-
	Total	12,614	11,978
10	Shares, etc.		
	Other shares	59	55
	Total shares, etc.	59	55
11	Land and buildings (domicile properties)		
	Fair value, beginning-of-year	98	99
	Additions during the year	-	-
	Depreciation	(0)	(1)
	Value changes recognised in other comprehensive income	-	-
	Fair value, end-of-period	98	98
12	Other tangible assets		
	Cost, beginning-of-year	29	32
	Additions during the year	1	3
	Disposals during the year	(0)	(6)
	Cost, end-of-period	29	29
	Depreciation, beginning-of-year	24	26
	Depreciation for the year	2	3
	Depreciation written back	(0)	(5)
	Depreciation, end-of-period	25	24
	Total other tangible assets	4	5
13	Other assets		
	Positive market value of derivative financial instruments, etc.	10	5
	Other receivables	41	63
	Interest and commission receivable	96	155
	Total	147	223
14	Issued bonds at fair value		
	Mortgage bonds - nominal value	143,486	155,403
	Fair value adjustment	2,336	1,175
	Own mortgage bonds offset - at fair value	(16,619)	(26,235)
	Mortgage bonds at fair value	129,203	130,342
	Of which pre-issued	5,870	16,423
	Drawn for redemption in next term	873	820

Noter		DKKm	
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		30 June 2016	31 December 2015
15	Issued bonds at amortised cost		
	Issues in connection with senior debt	8,000	4,000
	Total issued bonds at amortised cost	8,000	4,000
	Offsetting of own bonds	-	-
	Total	8,000	4,000

16	Other debt and payables		
	Negative market value of derivative financial instruments	7	8
	Interest and commission payable	969	1,311
	Other payables	163	266
	Total	1,139	1,585

17 Key figures in DKKm		Q1 2016	Q1 2015	Q1 2014	Q1 2013	Q1 2012
Profit and loss account						
	Net interest and fee income	707	739	640	582	479
	Other operating income, etc.	9	9	9	9	9
	Staff costs and administrative expenses, ect.	(122)	(110)	(103)	(103)	(100)
	Earnings	594	638	546	488	387
	Provision for loan and receivable impairment	(83)	(49)	(42)	(47)	(48)
	Value adjustments	6	(155)	(72)	(153)	(59)
	Profit before tax	517	434	432	289	281
	Profit after tax	403	332	326	216	210

Balance sheet at 30 June						
Assets						
	Loans and advances	136,891	132,621	134,111	135,479	134,215
	Bonds and shares, etc.	12,673	7,898	4,668	1,677	1,918
	Other assets	1,167	3,663	2,616	4,316	3,532
	Total assets	150,731	144,182	141,396	141,472	139,664
Liabilities and equity						
	Issued bonds	137,203	126,945	126,955	123,290	120,529
	Other debt and payables	1,206	5,030	2,044	4,911	5,711
	Subordinated debt	-	-	2,067	4,086	5,628
	Equity	12,322	12,207	10,329	9,185	7,796
	Total liabilities and equity	150,731	144,182	141,396	141,472	139,664

Noter						
					DKKkm	
18	Financial ratios	H1 2016	H1 2015	H1 2014	H1 2013	H1 2012
	Return on equity (ROE)					
	Profit before tax in pc of equity*)	4,2	3,8	4,3	3,2	3,6
	Profit after tax in pc of equity*)	3,2	2,9	3,2	2,4	2,7
	Return on capital employed					
	Return on capital employed*)	0,27	0,23	0,23	0,15	0,15
	Costs					
	Costs in pc of loan portfolio	0,09	0,08	0,08	0,08	0,07
	Income/cost ratio*)	3,52	3,73	3,97	2,93	2,90
	Income/cost ratio, excl. write-downs for impairment	5,92	5,38	5,60	4,26	4,27
	Solvency (incl. profit for the period)					
	Capital ratio, pc*)	14,5	12,4	12,8	12,6	12,6
	Core capital ratio, pc*)	14,5	12,4	12,8	12,6	12,6
	Losses and arrears					
	Arrears, end-of-period (DKKkm)	134,3	142,1	122,7	149,0	192,9
	Loss and impairment ratio for the period (in pc of loan portfolio)*)	0,06	0,04	0,03	0,03	0,04
	Accumulated loss and impairment ratio (in pc of loan portfolio)	0,44	0,43	0,29	0,26	0,25
	Lending activity					
	Growth in loan portfolio, pc (nominal)*)	1,9	(0,1)	(0,4)	-	1,3
	New loans, gross (DKKkm)	8.793	13.641	6.460	5.644	8.067
	Number of new loans	2.740	5.314	2.125	2.499	3.284
	Loan/equity ratio*)	11,1	10,9	13,0	14,8	17,2
	Margins					
	Percentage of average loan portfolio (nominal):					
	Profit before tax	0,39	0,33	0,33	0,22	0,09
	Administrative margin	0,54	0,55	0,53	0,53	0,46
	Percentage of core capital after deductions:					
	Foreign exchange position as a percentage of core capital after deductions*)	12,1	5,2	1,4	0,8	9,1
	*) The financial ratios have been calculated in accordance with the definitions by the Danish Financial Supervisory Authority.					

Management's Statement

Today, the Board of Directors and the Executive Board reviewed and approved the Interim Report for the period 1 January to 30 June 2016 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 (FSA), as well as the additional disclosure requirements provided by NASDAQ Copenhagen for financial reporting by issuers of listed bonds.

Management's Review includes a fair review of the development in the Company's activities and economic conditions as well as a description of significant risks and uncertainty factors that may affect the Company.

In our opinion, the accounting policies are appropriate so that the Interim Financial Statements give a true and fair view of the Company's assets, liabilities, equity and financial position at 30 June 2016 as well as of the results of the Company's operations for the period 1 January – 30 June 2016.

Copenhagen, 18 August 2016

Executive Board

Jens Kr. A. Møller
Managing Director, CEO

Michael Jensen
Managing Director

Board of Directors

Vagn Hansen
Chairman

Anders Dam
Deputy Chairman

Claus Andersen

Claus Andreasen

Karen Frøsig

Peter Gæmelke

Jakob G. Hald

Søren Jensen

Agnete Kjærsgaard

Lars Møller

Torben Nielsen

Benny Pedersen

Jan Pedersen

Lars Petersson