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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 quarter of 2014.

We enclose the Interim Report for DLR Kredit A/S covering the period 1 January – 31 March 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 Q1 2014

Management's Review

Q1 2014 in headlines

- **Satisfactory financial results – DKK 215.1m before tax**
- **Core earnings improved by 13 pc compared to Q1 2013**
- **Positive interest in new loan product: ARM Short**

Profit and loss account

For Q1 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 378.2m. This constitutes an increase of 11.9 pc compared to Q1 2013 when net interest income came to DKK 338.0m. Net fees and commissions came to an expense of DKK 58.8m for Q1 2014 against an expense of DKK 50.5m 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 Q1 2014 compared with Q1 2013 and came to DKK 51.5m (Q1 2013: DKK 50.8m).

In Q1 2014, DLR experienced a negative value adjustment of DKK 31.7m against a similar negative value adjustment of DKK 57.7m 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. The anticipated negative adjustment for the year as a whole remains unchanged.

Provisions for loan and receivable impairment etc. impact the figures for Q1 2014 negatively by DKK 25.3m against an expense of DKK 28.7m in Q1 2013.

In Q1 2014, DLR generated a pre-tax profit of DKK 215.1m against DKK 154.9m in Q1 2013.

Tax on the profit for the period has been calculated at DKK 52.9m, resulting in a profit for the period of DKK 162.2m against DKK 116.0m for the corresponding period of 2013.

Lending activities in Q1 2014

DLR's total lending measured at fair value amounted to DKK 134.2bn at 31 March 2014.

In Q1 2014, net lending amounted to a negative DKK 0.2bn (nominal), against a positive DKK 0.2bn for the corresponding period of 2013. For Q1 2014 DLR's gross lending amounted a total of DKK 4.2bn, which constitutes an increase of 35 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 Q1 2014 saw a positive interest from borrowers in this loan type.

Balance Sheet

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

Equity

At 31 March 2014, DLR's equity amounted to DKK 10,165.3m against DKK 9,984.3m at the end of 2013.

Solvency

At the end of Q1 2014, DLR's capital base amounted to DKK 13,082.0m, while weighted assets have been calculated at DKK 96,223.1m, corresponding to a solvency ratio of 13.6 pc (including profit for the period) at 31 March 2014. Excluding profit for the period, the solvency ratio came to 13.4 pc.

Capital Structure

At the end of Q1 2014, DLR's total subordinated debt amounted to DKK 3,072.9m. This amount consists of hybrid core capital amounting to DKK 2,072.9m and government hybrid core capital (Banking Package II) of DKK 1,000.0m. As regards the hybrid core capital of EUR 100m raised in 2005, 80 pc of this amount can at 31 March 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 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 Q1 2014, approximately 90 pc of DLR's total loan portfolio was comprised by loan loss guarantees. The bulk of the loans that are not comprised by guarantees usually have a low LTV value.

Expectations for 2014

For 2014 as a whole, DLR Kredit budgets with a profit before tax in the range of DKK 600-650m. DLR Kredit's outlook is unchanged 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 – 31 March 2014

Note	(DKKm)	Q1 2014	Q1 2013
1	Interest income	965.6	994.5
2	Interest expenses	(587.4)	(656.5)
	Net interest income	378.2	338.0
	Fee and commission income	37.5	44.0
	Fee and commission paid	(96.3)	(94.5)
	Net interest and fee income	319.4	287.5
3	Value adjustments	(31.7)	(57.7)
	Other operating income	4.2	4.6
4	Staff costs and administrative expenses	(50.6)	(49.6)
11+12	Depreciation and impairment losses, tangible assets	(0.9)	(1.2)
5	Provisions for loan and receivable impairment etc.	(25.3)	(28.7)
	Profit before tax	215.1	154.9
	Tax	(52.9)	(38.9)
	Profit for the period	162.2	116.0

Statement of Comprehensive Income

Note	(DKKm)	Q1 2014	Q1 2013
	Profit for the period	162.2	116.0
	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	181.0	116.0

Balance Sheet at 31 March 2014

Note	(DKKm)	31 March 2014	31 Dec. 2013
Assets			
	Cash in hand and demand deposits with central banks	280.1	251.8
	Receivables from credit institutions and central banks	2,344.7	3,360.8
7	Loans, advances and other receivables at fair value	134,157.7	133,892.7
7	Loans, advances and other receivables at amortised cost	19.5	17.4
9	Bonds at fair value	4,121.5	8,802.9
10	Shares etc.	71.0	71.5
11	Land and buildings, domicile properties	99.8	75.9
12	Other tangible assets	5.6	6.2
	Deferred tax assets	1.7	2.0
	Assets temporarily foreclosed	44.8	42.8
13	Other assets	215.3	353.1
	Prepayments	19.0	17.1
	Total assets	141,380.7	146,894.2
Liabilities and equity			
14	Issued bonds at fair value	119,166.7	125,433.7
15	Issued bonds at amortised cost	6,002.0	6,003.9
	Current tax liabilities	35.2	9.9
16	Other debt and payables	2,927.0	2,380.5
	Deferred income	6.7	4.4
	Total debt	128,137.6	133,832.4
	Provisions for deferred tax	4.9	0.0
	Total provisions	4.9	0.0
17	Subordinated debt	3,072.9	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	7,209.0	7,052.1
	Total equity	10,165.3	9,984.3
	Total liabilities and equity	141,380.7	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	162.2	162.2
Other comprehensive income after tax	0.0	24,1	0.0	(5.3)	18.8
Equity at 31.3.2014	570.0	48.4	2,337.9	7,209.0	10,165.3

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.

Notes to the Financial Statements

Note	(DKKm)	Q1 2014	Q1 2013
1	Interest income from:		
	Loans and advances	599.6	624.6
	Administration fees	348.4	350.9
	Bonds	98.6	106.0
	Other interest income	4.9	5.4
	Total interest income	1,051.5	1,086.9
	Interest from own mortgage bonds offset against interest on issued bonds	(85.9)	(92.4)
	Total	965.6	994.5
2	Interest expenses for:		
	Credit institutions and central banks	0.1	0.2
	Issued bonds	596.1	620.6
	Hybrid core capital	30.9	30.7
	Government hybrid core capital	23.0	72.6
	Senior debt	22.8	24.5
	Other interest expenses	0.4	0.3
	Total interest expenses	673.3	748.9
	Interest from own mortgage bonds offset against interest on issued bonds	(85.9)	(92.4)
	Total	587.4	656.5
	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	559.6	217.6
	Bonds	(38.8)	(60.2)
	Shares etc.	(0.5)	0.0
	Other assets	0.3	0.7
	Foreign exchange	0.0	0.9
	Derivate financial instruments	7.4	0.9
	Issued bonds	(559.7)	(217.6)
	Total value adjustments	(31.7)	(57.7)

Notes to the Financial Statements

Note	(DKKm)	Q1 2014	Q1 2013
4	Staff costs and administrative expenses:		
	Salaries and remuneration to the Board of Directors and Executive Board		
	Executive Board	1.7	1.5
	Board of Directors	0.4	0.4
	Total	2.1	1.9
	The company has no pension obligations to the Board of Directors and Executive Board.		
	Staff costs		
	Salaries	21.4	21.2
	Pension costs	2.3	2.2
	Social security costs	3.4	3.0
	Total	27.1	26.4
	Other administrative expenses		
	Valuation expenses	2.7	2.9
	Office expenses etc.	12.5	11.1
	Audit, supervision etc.	2.2	2.6
	Other operating costs	4.0	4.7
	Total staff costs and administrative expenses	50.6	49.6
5	Provisions and impairment losses for loan and receivable impairment etc.		
	Impairment losses for the period	(17.0)	(21.7)
	Recovery of debt previously written off	0.5	0.5
	Provisions for the period	(58.1)	(92.5)
	Reversal of provisions	49.3	85.0
	Total provisions and impairment losses for loan and receivable impairment etc.	(25.3)	(28.7)

Notes to the Financial Statements

Note	(DKKm)	31 March 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	56.0	190.2
	Reversal of provisions	(48.8)	(135.7)
	Provisions, end-of-period	349.5	342.3
	Collective provisions		
	Provisions, loans and guarantees, beginning-of-year	39.3	57.1
	Provisions during the period	2.2	6.8
	Reversal of provisions	(0.5)	(24.6)
	Provisions, end-of-period	41.0	39.3
	Total provisions for loan and receivable impairment etc., end-of-period	390.5	381.6
7	Loans and advances		
	Mortgage loans, nominal value	132,404.5	132,694.4
	Adjustment for interest risk etc.	1,998.0	1,441.7
	Adjustment for credit risk	(359.3)	(351.1)
	Total mortgage loans at fair value	134,043.2	133,785.1
	Arrears and outlays	114.5	107.6
	Other loans and advances	19.5	17.4
	Total loans and advances	134,177.2	133,910.1
	Pursuant to special legislation, a government guarantee of DKK 705.8m has been provided as supplementary security for young farmers' loans. A guarantee of DKK 695.7m has been provided for advance loans. As supplementary guarantee for mortgage loans, bankers' guarantees of DKK 17,178.4m have been provided.		
8	Mortgage loans (nominal value) by property category, in pc		
	Agricultural properties	63.8	63.8
	Owner-occupied dwellings	6.3	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	0.8	0.8
	Total, in pc	100.0	100,0

Notes to the Financial Statements

Note	(DKKm)	31 March 2014	31 Dec. 2013
9	Bonds at fair value		
	- Own mortgage bonds	32,452.7	59,760.9
	- Other mortgage bonds	4,121.5	8,802.9
	- Other bonds	57.0	42.9
	Total bonds	36,631.2	68,606.7
	Own mortgage bonds offset against issued bonds	(32,509.7)	(59,803.8)
	Total	4,121.5	8,802.9
10	Shares etc.		
	Other shares	71.0	71.5
	Total shares etc.	71.0	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	(0.2)	(2.3)
	Value changes recognised in other comprehensive income	24.1	0.0
	Fair value, end-of-period	99.8	75.9
12	Other tangible assets		
	Cost, beginning-of-year	32.1	32.4
	Additions during the period	0.1	4.3
	Disposals during the period	0.0	(4.6)
	Cost, end-of-period	32.2	32.1
	Depreciation, beginning-of-year	25.9	27.8
	Depreciation for the period	0.7	2.5
	Depreciation written back	0.0	(4.4)
	Depreciation, end-of-period	26.6	25.9
	Total other tangible assets	5.6	6.2
13	Other assets		
	Positive market value of derivative financial instruments etc.	33.6	67.8
	Other receivables	52.2	74.1
	Interest and commission receivable	129.5	211.2
	Total	215.3	353.1

Notes to the Financial Statements

Note	(DKKm)	31 March 2014	31 Dec. 2013
14	Issued bonds at fair value		
	Mortgage bonds - nominal value	149,553.7	183,345.0
	Fair value adjustment	2,122.7	1,892.5
	Own mortgage bonds offset – at fair value	(32,509.7)	(59,803.8)
	Mortgage bonds at fair value	119,166.7	125,433.7
	Of which pre-issued	13,553.5	45,761.9
	Drawn for redemption in next term	1,645.1	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.	3.8	26.8
	Interest and commission payable	1,140.1	1,546.3
	Other payables	1,783.1	807.4
	Total	2,927.0	2,380.5
17	Subordinated debt		
	Hybrid core capital ¹⁾	2,072.9	2,077.5
	Government hybrid core capital ²⁾	1,000.0	1,000.0
	Total subordinated debt	3,072.9	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 31 March 2014. Interest: DKK 28.5m. 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 31 March 2014, cf. the EU Capital Requirement Regulation (CRR), Art. 486. Interest: DKK 2.4m.		
	2) Government hybrid core capital in DLR Kredit: DKK 1,000.0m was raised on 26 June 2009. The loan is perpetual, but DLR has the option of prepayment in full or in part as from three years following the establishment. Repayment in full or in part may be effected at a price of 100 in the period 26 June 2012 – 25 June 2014. Repayment in full or in part in the period 26 June 2014 – 25 June 2015 may be effected at a price of 105, whereas the price will be 110 if repayment takes place later than on 25 June 2015. The interest rate is fixed at 9.260603 pc p.a. The total government hybrid core capital can be included in the capital base at 31 March 2014. Interest: DKK 23.0m.		

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		Q1	Q1	Q1	Q1	Q1
Net interest and fee income		319.4	287.5	244.1	235.6	148.7
Other operating income etc.		4.2	4.6	4.6	4.5	4.4
Staff costs and administrative expenses		(50.6)	(49.6)	(51.4)	(45.5)	(45.9)
Other operating costs		(0.9)	(1.2)	(1.2)	(1.5)	(1.6)
Core earnings		272.1	241.3	196.1	193.1	105.6
Provisions for loan and receivable impairment etc.		(25.3)	(28.7)	(30.7)	(24.3)	(39.5)
Value adjustments		(31.7)	(57.7)	(41.5)	(154.1)	71.5
Profit before tax		215.1	154.9	123.9	14.7	137.6
Profit after tax		162.2	116.0	92.8	11.0	103.2
Balance Sheet at 31 March						
Assets						
Loans and advances		134,177.2	135,809.6	133,923.9	132,135.2	132,387.3
Bonds and shares etc.		4,192.5	2,699.9	1,398.4	981.3	15.7
Other assets		3,011.0	2,458.7	7,795.7	3,547.2	2,717.8
Total assets		141,380.7	140,968.2	143,118.0	136,663.7	135,120.8
Liabilities and equity						
Issued bonds		125,168.7	121,490.7	122,529.3	113,060.4	119,286.3
Other debt and payables		2,973.8	5,146.3	7,284.4	10,885.6	3,589.3
Subordinated debt		3,072.9	5,246.4	5,625.4	5,587.0	5,607.6
Equity		10,165.3	9,084.8	7,678.9	7,130.7	6,637.6
Total liabilities and equity		141,380.7	140,968.2	143,118.0	136,663.7	135,120.8
Financial Ratios						
Return on equity (ROE)						
Profit before tax in pc of equity *)		2.1	1.7	1.6	0.2	2.1
Profit after tax in pc of equity *)		1.6	1.3	1.2	0.2	1.6
Costs						
Income/cost ratio *)		3.80	2.95	2.49	1.21	2.58
Income/cost ratio, excl. write-downs for impairment		5.67	4.62	3.94	1.83	4.73
Solvency						
Solvency ratio, pc (incl. profit for the period)		13.6	13.5	12.2	12.2	11.8
Solvency ratio, pc (excl. profit for the period) *)		13.4	13.4	12.1	12.2	11.7
Core capital ratio, pc (incl. profit for the period)		13.6	13.5	12.1	12.2	11.7
Core capital ratio, pc (excl. profit for the period) *)		13.4	13.4	12.1	12.2	11.6
Losses and arrears						
Arrears, period-end (DKKm)		128.1	162.9	190.6	196.0	238.4
Loss and impairment ratio for the period (pc of loan portf.) *)		0.02	0.02	0.02	0.02	0.03
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) *)		(0.2)	0,0	0.9	0.1	0.8
New loans, gross (DKKm)		4,165	3,122	4,558	2,873	5,428
Number of new loans		1,243	1,381	1,801	1,195	1,974
Loan/equity ratio *)		13.2	14.9	17.4	18.5	19.9
Margins						
Administrative margin in pc of average loan portfolio		0.26	0.26	0.23	0.20	0.18
Foreign exchange position in pc of core capital after deductions*)		0.1	1.1	34.9	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 – 31 March 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 31 March 2014 and of the results of the Company's operations and cash flows for the period 1 January – 31 March 2014.

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

Copenhagen, 24 April 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