



Interim report Q1 – Q3 2016

Published 27 October 2016

Contents

Management's Review

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Interim financial statements

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DLRkredit in key figures*

| Profit and Loss Account* | Year to date | | Ratio 16/15 |
|--|-----------------|-----------------|----------------|
| | Q1 - Q3 2016 | Q1 - Q3 2015 | |
| Administration fee income | 1,092 | 1,079 | 101 |
| Other core income, net | 56 | 65 | 87 |
| Interest expenses, subordinated debt | 0 | -4 | 0 |
| Interest expenses, senior debt | -38 | -55 | 68 |
| Fee and commission income, net | -198 | -182 | 109 |
| Core income (mortgage credit income) | 913 | 903 | 101 |
| Staff costs and administrative expenses, etc. | -172 | -162 | 106 |
| Other operating expenses | -11 | 0 | |
| Provision for loan and receivable impairment, etc. | -108 | -55 | 198 |
| Results from core activities | 622 | 686 | 91 |
| Portfolio earnings (securities) | 150 | -58 | |
| Profit before tax | 772 | 627 | 123 |
| Profit after tax | 603 | 480 | 126 |

| Comparison with other quarters | | | | |
|--------------------------------|------------|------------|------------|------------|
| Q3 2016 | Q2 2015 | Q1 2015 | Q4 2015 | Q3 2015 |
| 367 | 364 | 362 | 361 | 361 |
| 21 | 19 | 17 | 22 | 21 |
| 0 | 0 | 0 | 0 | 0 |
| -13 | -15 | -10 | -10 | -16 |
| -65 | -71 | -62 | -36 | -56 |
| 310 | 297 | 306 | 337 | 309 |
| -57 | -56 | -58 | -56 | -52 |
| -4 | -4 | -3 | -6 | 0 |
| -25 | -44 | -39 | -39 | -6 |
| 224 | 192 | 206 | 235 | 251 |
| 32 | 75 | 43 | 13 | -57 |
| 256 | 267 | 249 | 248 | 194 |
| 200 | 209 | 194 | 190 | 148 |

| Balance Sheet at 31 March | Q3 2016 | Q3 2015 | Ratio 16/15 |
|-------------------------------------|----------------|----------------|----------------|
| Assets | | | |
| Loans and advances | 137,875 | 132,236 | 104 |
| Bonds and shares | 14,970 | 9,691 | 154 |
| Other assets | 3,964 | 4,368 | 91 |
| Total assets | 156,809 | 146,294 | 107 |
| Liabilities and equity | | | |
| Issued bonds | 143,032 | 131,402 | 109 |
| Other debt and payables | 1,706 | 2,557 | 67 |
| Equity | 12,072 | 12,335 | 98 |
| Total liabilities and equity | 156,809 | 146,294 | 107 |

| Q3 2016 | Q2 2015 | Q1 2015 | Q4 2015 | Q3 2015 |
|----------------|----------------|----------------|----------------|----------------|
| 137,875 | 136,891 | 134,237 | 133,038 | 132,236 |
| 14,970 | 12,673 | 11,623 | 12,033 | 9,691 |
| 3,964 | 1,167 | 2,413 | 3,371 | 4,368 |
| 156,809 | 150,731 | 148,274 | 148,442 | 146,294 |
| 143,032 | 137,203 | 134,797 | 134,342 | 131,402 |
| 1,706 | 1,206 | 1,342 | 1,597 | 2,557 |
| 12,072 | 12,322 | 12,135 | 12,503 | 12,335 |
| 156,809 | 150,731 | 148,274 | 148,442 | 146,294 |

| Financial ratios** | Q1 - Q3 2016 | Q3 2015 |
|--|-----------------|------------|
| Return on equity (ROE) | | |
| Profit before tax in pc of equity | 6.3% | 5.2% |
| Profit after tax in pc of equity | 4.9% | 4.0% |
| Return on hybrid core capital | 6.3% | 6.5% |
| Return on equity excl. hybrid core capital | 4.4% | 3.8% |
| Solvency | | |
| Capital ratio *** | 14.1% | 12.4% |
| Lending Activity | | |
| Growth in loan portfolio, pc (nominel) | 2.6 | 0.1 |
| New loans, gross (DKKm) | 14,306 | 17,247 |
| Number of new loans | 4,578 | 6,684 |
| Loan/equity ratio | 11.4 | 12.0 |

| Q3 2016 | Q2 2015 | Q1 2015 | Q4 2015 | Q3 2015 |
|------------|------------|------------|------------|------------|
| 2.1% | 2.2% | 2.0% | 2.0% | 1.6% |
| 1.6% | 1.7% | 1.6% | 1.6% | 1.2% |
| 2.1% | 2.1% | 2.1% | 2.1% | 2.1% |
| 1.2% | 1.5% | 1.4% | 1.4% | 1.0% |
| 14.1% | 14.5% | 14.8% | 12.9% | 12.4% |
| 2.6 | 1.9 | 0.5 | 0.6 | 0.1 |
| 14,306 | 8,793 | 3,914 | 23,469 | 17,247 |
| 4,578 | 2,740 | 1,353 | 8,585 | 6,684 |
| 11.4 | 11.1 | 11.1 | 10.6 | 12.0 |

*) 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 Q1 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.

Q1 - Q3 2016 in headlines

- Core income amounted to DKK 913m – 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 108m
- Portfolio earnings amounted to DKK 150m which is an improvement of DKK 208m
- Profit before tax came to DKK 772m which is an increase of 23 % compared to the same period in 2015
- After tax on profit for the period and reimbursements to owners of hybrid core capital, DKK 539m has been retained to equity
- The loan portfolio calculated at nominal value to both agricultural and urban trade property increased by DKK 3,2bn

Statements by Management

In connection with the publication of the Interim Report for Q1 – Q3 2016, managing director and CEO Jens Kr. A. Møller states:

“DLR’s profit before tax for Q1 – Q3 2016 at DKK 772m is satisfactory and slightly better than expected.

It is gratifying that DLR’s loan portfolio has been increasing with 3,5bn in 2016, and this applies to both agricultural and urban trade property loans.

Furthermore the falling interest rate has influenced the portfolio earnings in a positive direction. However the low level of the interest rates in the future will generate lower interest income from bond holdings, which amounts more than 20bn.

The period has – as expected – been influenced by the difficult financial conditions for parts of the agricultural industry. For DLR, the ascertained losses is mitigated from the loss offset agreements with the banks.

Furthermore it should be mentioned, that DLR in Q3 2016 has repurchased own shares at a market value of DKK 428m, which brings the total repurchase of own shares up to 970m in 2016”.

Comments on results for the period

Profit and loss account

In Q1 – Q3 2016, DLR achieved a satisfactory profit before tax at DKK 772m which is DKK 145m more than for the same period in 2015.

After tax, profit came to DKK 603m.

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* | Q1 - Q3 2016 | Q1 - Q3 2015 | Ratio 16/15 |
|--|-------------------------|-------------------------|------------------------|
| Administration fee income | 1,092 | 1,079 | 101 |
| Other core income, net | 56 | 65 | 87 |
| Interest expenses, subordinated debt | 0 | -4 | 0 |
| Interest expenses, senior debt | -38 | -55 | 68 |
| Fee and commission income, net | -198 | -182 | 109 |
| Core income (mortgage credit income) | 913 | 903 | 101 |
| Staff costs and administrative expenses, etc. | -172 | -162 | 106 |
| Other operating expenses | -11 | 0 | |
| Provision for loan and receivable impairment, etc. | -108 | -55 | 198 |
| Results from core activities | 622 | 686 | 91 |
| Portfolio earnings (securities) | 150 | -58 | |
| Profit before tax | 772 | 627 | 123 |
| Profit after tax | 603 | 480 | 126 |

Core earnings

Administration fee income came to DKK 1,092m, which is DKK 13m 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 38m which is DKK 17m 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 198m against expenses at DKK 182m in the same period of 2015.

Subsequently, core income amounted to DKK 913m, which is DKK 10m more than for the same period in 2015. The increase constitutes 1.2 pc.

Staff costs and administrative expenses, etc. came to DKK 172m, which is an increase of DKK 10m compared to the same period of 2015. The cost increase amounted to 6 pc.

Other operating expense concerns an expense to the statutory settlement fund.

Provisions for loan and receivable impairment, including adjustments from previous years, have been calculated at DKK 108m, which is an increase of DKK 53m compared to same period of 2015. The increase is due to the difficult financial conditions for parts of the agricultural industry.

Portfolio earnings

Portfolio earnings amounted to income at DKK 150m against an expense of DKK 58m in 2015. The relatively high return should be seen in connection with the low interest rate level in 2016.

At the end of Q3 2016, DLR's bond holdings (excl. temporary excess liquidity) amounted to DKK 22.7bn. However there has been a redemption of 2bn in senior debt at the beginning of Q4, resulting in reduced bond holdings by a similar amount.

Allocation of comprehensive income for the period

Comprehensive income for the period came to DKK 603m, of which DKK 82m has been paid to owners of hybrid core capital. As this expense is deductible, DLR's net expenses amount to DKK 64m. Overall, this entails that DKK 539m has been transferred to DLR's equity.

Balance sheet

At the end of Q3 2016, mortgage loans amounted to DKK 135.9bn.

Bonds at fair value amounted to DKK 31.0bn of which own funds amounted to DKK 16.1bn which are offset against bond issued at fair value. While DKK 14.9bn stem from positions in government bonds and bonds from other institutions.

Besides bonds at fair value DLR had other funds which amounted to DKK 3.6bn, why the total fund assets amounted to DKK 34.6bn.

Of the total fund assets the temporary excess liquidity concerning mortgage activity amounts to DKK 11.9bn, meaning that the investment portfolio amounts to DKK 22.7bn.

At the end of Q3 2016, DLR's balance sheet total came to DKK 156.8bn, which is an increase of DKK 8.4bn compared to year-end 2015.

Capital and solvency

Table 2. DLR's capital and solvency

| Capital and solvency | 30. september | 31. december |
|--|---------------|---------------|
| | 2016 | 2015 |
| Equity | 12,072 | 12,503 |
| Profit not recognised in equity | (178) | - |
| Hybrid core capital recognised in equity | (1,300) | (1,300) |
| Deductions as a consequence of prudent valuation | (23) | (17) |
| Difference between expected loss and write downs | (684) | - |
| Deferred tax | (1) | (1) |
| Actual core capital | 9,885 | 11,185 |
| Hybrid core capital | 1,300 | 1,300 |
| Capital base | 11,185 | 12,485 |
| Risk-weighted exposure with credit risk, etc. | 74,355 | 91,278 |
| Risk-weighted exposure with market risk | 2,852 | 3,505 |
| Risk-weighted exposure with operational risk | 2,249 | 2,249 |
| Total risk-weighted exposure | 79,456 | 97,032 |
| Actual core capital ratio | 12.4% | 11.5% |
| Capital ratio | 14.1% | 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 Q3 2016, DLR has been repurchasing own shares at a value of DKK 428m which brings the total repurchase of 2016 to DKK 970m. In isolation, this has reduced the capital base to DKK 11.5bn.

The amount of DKK 360m that is included in the capital base, concerns the profit for H1, because this profit has been under audit purpose review.

DLR has in 2016 been recognised as an IRB institution in regard to lending to production farms, meaning that the difference between "expected loss in the IRB model" and "provisions for loan and receivable impairment" must be deducted from the capital base. This amounts to DKK 684m.

At the end of Q3 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 11.2bn at the end of Q3 2016 against DKK 12.5bn at the end of 2015.

Risk exposure:

In 2016, the weighted risk exposure including credit risk fell from DKK 91.3bn to DKK 74.4bn which is primarily due to the above IRB approval.

Capital ratio:

Thus, the capital ratio can be calculated at 14.1 at the end of Q3 2016 against 12.9 at the end of 2015. The actual core capital ratio amounted to 12.4 at the end of Q3 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 Q3 2016, non-paid mortgage payments due to DLR amounted to DKK 137m 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 loss cases came to 80 in Q1 – Q3 2016, against 67 in the same period of 2015.

DLR's portfolio of such properties contained 25 properties at the end of Q3 2016. The value of these properties came to DKK 123m at the end of Q3 2016 against DKK 62m at the end of 2015.

Outlook for 2016 as a whole

At the end of 1H 2016 DLR expected core earnings for 2016 at around DKK 700m to DKK 800m.

At the end of Q3 DLR expects core earnings in the upper portion of the above mentioned interval.

The main uncertainty factor in the core earnings for the whole year concerns the impact on profit and loss account from provision for loan and receivable impairment

Accounting policies

DLR's Interim Report for Q3 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.

Transactions with related parties

In Q3 DLR has repurchased own shares at a market value of DKK 428m, which brings the total repurchase of own shares up to 970m in 2016.

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 | | Q1-Q3 | Q1-Q3 |
| | Profit and loss account | 2016 | 2015 |
| 1 | Interest income | 2,583 | 2,729 |
| 2 | Interest expenses | (1,312) | (1,438) |
| | Net interest income | 1,270 | 1,291 |
| | Udbytte af aktier m.v. | - | 1 |
| | Fee and commission income | 95 | 111 |
| | Fee and commission paid | (292) | (293) |
| | Net interest and fee income | 1,073 | 1,110 |
| 3 | Value adjustments | (23) | (279) |
| | Other operating income | 13 | 13 |
| 4 | Staff costs and administrative expenses | (169) | (160) |
| | Depreciation and impairment losses | (3) | (3) |
| | Other operating expenses | (11) | - |
| 5 | Provisions for loan and receivable impairment, etc. | (108) | (55) |
| | Profit before tax | 772 | 627 |
| | Tax | (170) | (147) |
| | Profit for the year | 603 | 480 |
| Note | | Q1-Q3 | Q1-Q3 |
| | Statement of Comprehensive Income | 2016 | 2015 |
| | Profit | 603 | 480 |
| | Revaluation of domicile properties | - | - |
| | Of which tax | - | - |
| | Other total comprehensive income after tax | - | - |
| | Total comprehensive income | 603 | 480 |
| | Attributable to: | | |
| | Shareholders of DLR Kredit A/S* | 521 | 396 |
| | Owners of hybrid core capital | 82 | 84 |
| | Total comprehensive income | 603 | 480 |
| | * In addition the shareholders of DLR Kredit A/S receive 18 mio. DKK as a result of a tax deduction on payment to owners of hybrid core capital in 2016 (2015: 20 mio. DKK) | | |

| Balance Sheet | | DKKm | |
|-------------------------------------|------------------------------|-----------------------------|--|
| Note | 30 September 2016 | 31 December 2015 | |
| Assets | | | |
| | 46 | 249 | |
| | 3.470 | 2.713 | |
| 7 | 137.856 | 133.016 | |
| 7 | 19 | 22 | |
| 9 | 14.913 | 11.978 | |
| 10 | 58 | 55 | |
| 11 | 98 | 98 | |
| 12 | 4 | 5 | |
| | 1 | 1 | |
| | 123 | 62 | |
| 13 | 204 | 223 | |
| | 18 | 19 | |
| Total assets | 156.809 | 148.442 | |
| Liabilities and equity | | | |
| 14 | 133.032 | 130.342 | |
| 15 | 10.000 | 4.000 | |
| | 109 | 4 | |
| 16 | 1.588 | 1.585 | |
| | 4 | 2 | |
| Total debt | 144.733 | 135.934 | |
| | 4 | 5 | |
| Total provisions | 4 | 5 | |
| | 570 | 570 | |
| | 43 | 43 | |
| | 2.338 | 2.338 | |
| | 7.821 | 8.252 | |
| | 1.300 | 1.300 | |
| Total equity | 12.072 | 12.503 | |
| Total liabilities and equity | 156.809 | 148.442 | |
| Off-balance sheet items | | | |
| | 17 | 16 | |
| | 4.462 | 3.063 | |

| 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 | - | - | - | 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 | - | - | - | 521 | 82 | 603 | |
| Domicile properties | - | - | - | - | - | - | |
| <u>Transactions with owners</u> | | | | | | | |
| Own shares | - | - | - | (970) | - | (970) | |
| Interest on hybrid core capital | - | - | - | - | (82) | (82) | |
| Tax | - | - | - | 18 | - | 18 | |
| | - | - | - | - | - | - | |
| Equity at 30 September 2016 | 570 | 43 | 2,338 | 7,821 | 1,300 | 12,072 | |
| <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 September 2016.</p> <p>Interest: 82 DKKm</p> | | | | | | | |

| Capital and solvency | 30. september 2016 | 31. december 2015 |
|---|-------------------------------|------------------------------|
| Equity | 12,072 | 12,503 |
| Profit not recognised in equity | (178) | - |
| Hybrid core capital recognised in equity | (1,300) | (1,300) |
| Deductions as a consequence of prudent valuation | (23) | (17) |
| Difference between expected loss and write downs | (684) | - |
| Deferred tax | (1) | (1) |
| Actual core capital | 9,885 | 11,185 |
| Hybrid core capital | 1,300 | 1,300 |
| Capital base | 11,185 | 12,485 |
| Risk-weighted exposure with credit risk, etc. | 74,355 | 91,278 |
| Risk-weighted exposure with market risk | 2,852 | 3,505 |
| Risk-weighted exposure with operational risk | 2,249 | 2,249 |
| Total risk-weighted exposure | 79,456 | 97,032 |
| Actual core capital ratio | 12.4% | 11.5% |
| Capital ratio | 14.1% | 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. | | |

| Notes | | DKKm | |
|-------|--|----------------|----------------|
| | | Q1-Q3 2016 | Q1-Q3 2015 |
| 1 | Interest income from: | | |
| | Receivables from credit institutions and central banks | 0 | (0) |
| | Loans and advances | 1,369 | 1,505 |
| | Administration fees | 1,092 | 1,079 |
| | Bonds | 174 | 239 |
| | Other interest income | 32 | 28 |
| | Total interest income | 2,667 | 2,851 |
| | Interest from own mortgage bonds offset against interest on issued bonds | (85) | (122) |
| | Total | 2,583 | 2,729 |
| 2 | Interest expenses for: | | |
| | Credit institutions and central banks | (2) | (4) |
| | Issued bonds | (1,357) | (1,496) |
| | Hybrid core capital (non CRR-compliant) | - | (4) |
| | Senior debt | (38) | (55) |
| | Other interest expenses | 0 | (0) |
| | Total interest expenses | (1,397) | (1,559) |
| | Interest from own mortgage bonds | 85 | 122 |
| | Total | (1,312) | (1,438) |
| | 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 | 1,376 | (1,062) |
| | Bonds | (19) | (269) |
| | Shares, etc. | 1 | (14) |
| | Other assets | (0) | 1 |
| | Foreign exchange | (1) | 5 |
| | Derivative financial instruments | (3) | (1) |
| | Issued bonds | (1,376) | 1,062 |
| | Total value adjustments | (23) | (279) |
| 4 | Staff costs and administrative expenses: | | |
| | Salaries and remuneration to the Board of Directors and Executive Board | | |
| | Executive Board* | (4.9) | (6.6) |
| | Board of Directors | (1.5) | (1.4) |
| | Total | (6.3) | (8.0) |
| | The company has no pension obligations to the Board of Directors and Executive Board. | | |
| | Staff costs | | |
| | Salaries | (73) | (70) |
| | Pension costs | (8) | (7) |
| | Social security costs | (14) | (12) |
| | Total | (95) | (89) |
| | Other administrative expenses | | |
| | Valuation expenses | (10) | (10) |
| | Office expenses, etc. | (36) | (34) |
| | Audit, supervision, etc. | (9) | (6) |
| | Other operating costs | (13) | (13) |
| | Total staff and administrative expenses | (169) | (160) |
| | * In the first six months 2015, there were three members of the executive board in the period 1 of January - 30 of April 2015. | | |
| 5 | Provisions and impairment losses for loan and receivable impairment etc. | | |
| | Impairment losses for the period | (95) | (23) |
| | Recovery of debt previously written off | 2 | 4 |
| | Provisions for the period | (187) | (181) |
| | Reversal of provisions | 172 | 146 |
| | Total provisions and impairment losses for loan and receivable impairment etc. | (108) | (55) |

| Notes | | DKKm | |
|-------|---|----------------------|---------------------|
| | | 30 September 2016 | 31 December 2015 |
| 6 | Provisions for loan and receivable impairment, etc. | | |
| | Individual provisions | | |
| | Provisions, loans and guarantees, beginning-of-year | 445 | 333 |
| | Provisions for the period | 155 | 235 |
| | Reversal of provisions | (147) | (123) |
| | Provisions, end-of-period | 453 | 445 |
| | Collective provisions | | |
| | Provisions, loans and guarantees, beginning-of-year | 145 | 198 |
| | Provisions for the period | 32 | - |
| | Reversal of provisions | (25) | (54) |
| | Provisions, end-of-period | 152 | 145 |
| | Total provisions for loan and receivable impairment etc., end-of-period | 605 | 590 |
| 7 | Loans and advances | | |
| | Mortgage loans, nominal value | 135,939 | 132,455 |
| | Adjustment for interest rate risk | 2,381 | 1,015 |
| | Adjustment for credit risk | (571) | (562) |
| | Total mortgage loans at fair value | 137,749 | 132,908 |
| | Arrears and outlays | 107 | 108 |
| | Other loans and advances | 19 | 22 |
| | Total loans and advances | 137,875 | 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 | 16 | 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 |

| Notes | | DKKm | |
|-------|---|----------------------|---------------------|
| | | 30 September 2016 | 31 December 2015 |
| 9 | Bonds at fair value | | |
| | - Own mortgage bonds | 16,070 | 26,235 |
| | - Other mortgage bonds | 12,751 | 10,635 |
| | - Government bonds | 2,161 | 1,343 |
| | - Other bonds | - | - |
| | Total bonds | 30,983 | 38,213 |
| | Own mortgage bonds offset against issued bonds | (16,070) | (26,235) |
| | Own other mortgage bonds offset against issued bonds | - | - |
| | Total | 14,913 | 11,978 |
| 10 | Shares, etc. | | |
| | Other shares | 58 | 55 |
| | Total shares, etc. | 58 | 55 |
| 11 | Land and buildings (domicile properties) | | |
| | Fair value, beginning-of-year | 98 | 99 |
| | Additions during the year | - | - |
| | Depreciation | (1) | (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 | 30 | 29 |
| | Depreciation, beginning-of-year | 24 | 26 |
| | Depreciation for the year | 2 | 3 |
| | Depreciation written back | (0) | (5) |
| | Depreciation, end-of-period | 26 | 24 |
| | Total other tangible assets | 4 | 5 |
| 13 | Other assets | | |
| | Positive market value of derivative financial instruments, etc. | 6 | 5 |
| | Other receivables | 56 | 63 |
| | Interest and commission receivable | 143 | 155 |
| | Total | 204 | 223 |
| 14 | Issued bonds at fair value | | |
| | Mortgage bonds - nominal value | 146,595 | 155,403 |
| | Fair value adjustment | 2,507 | 1,175 |
| | Own mortgage bonds offset - at fair value | (16,070) | (26,235) |
| | Mortgage bonds at fair value | 133,032 | 130,342 |
| | Of which pre-issued | 5,160 | 16,423 |
| | Drawn for redemption in next term | 1,504 | 820 |

| Notes | | DKKm | |
|-------|--|----------------------|---------------------|
| | | 30 September 2016 | 31 December 2015 |
| 15 | Issued bonds at amortised cost | | |
| | Issues in connection with senior debt | 10,000 | 4,000 |
| | Total issued bonds at amortised cost | 10,000 | 4,000 |
| | Offsetting of own bonds | - | - |
| | Total | 10,000 | 4,000 |
| 16 | Other debt and payables | | |
| | Negative market value of derivative financial instruments | 0 | 8 |
| | Interest and commission payable | 1,364 | 1,311 |
| | Other payables | 224 | 266 |
| | Total | 1,588 | 1,585 |
| 17 | Ikke balanceførte poster | | |
| | Garantier mv. | | |
| | Finansgarantier | 3 | 1 |
| | Øvrige garantier | 15 | 15 |
| | I alt | 17 | 16 |
| | Andre eventualforpligtelser | | |
| | Uigenkaldelige kredittilsagn (lånetilbud) | 4,462 | 3,063 |
| | I alt | 4,479 | 3,079 |
| 18 | Contingent assets | | |
| | <p>There has been established loss guarantee agreements between DLR and the banks that holds share in DLR which makes it possible for DLR to offset loss in commissions paid to the banks that hold shares in DLR. The offset of loss in commissions can be done for several years which means that DLR may offset loss in commissions in years to come in those cases where the exposures lead to an actual loss.</p> | | |

| Notes | | | | | |
|-------|-------------------------------------|----------------|----------------|----------------|----------------|
| | | | | | DKK m |
| 19 | Key figures in DKKm | Q1-Q3 | Q1-Q3 | Q1-Q3 | Q1-Q3 |
| | | 2016 | 2015 | 2014 | 2013 |
| | | | | | 2012 |
| | Profit and loss account | | | | |
| | Net interest and fee income | 1,073 | 1,110 | 990 | 774 |
| | Other operating income, etc. | 13 | 13 | 13 | 14 |
| | Staff costs and administrative | (183) | (162) | (154) | (152) |
| | Earnings | 903 | 961 | 849 | 636 |
| | Provision for loan and receivable | (108) | (55) | (66) | (55) |
| | Value adjustments | (23) | (279) | (119) | (131) |
| | Profit before tax | 772 | 627 | 664 | 450 |
| | Profit after tax | 603 | 480 | 501 | 325 |
| | Balance sheet at 30 June | | | | |
| | Assets | | | | |
| | Loans and advances | 137,875 | 132,235 | 133,608 | 134,763 |
| | Bonds and shares, etc. | 14,970 | 9,691 | 9,056 | 2,195 |
| | Other assets | 3,964 | 4,368 | 4,065 | 4,546 |
| | Total assets | 156,809 | 146,294 | 146,729 | 141,503 |
| | Liabilities and equity | | | | |
| | Issued bonds | 143,032 | 131,402 | 130,573 | 121,056 |
| | Other debt and payables | 1,706 | 2,557 | 3,591 | 6,766 |
| | Subordinated debt | - | - | 2,061 | 5,258 |
| | Equity | 12,072 | 12,334 | 10,504 | 8,423 |
| | Total liabilities and equity | 156,809 | 146,294 | 146,729 | 141,503 |

| Notes | | | | | | |
|---|---|---------------|---------------|---------------|---------------|---------------|
| | | | | | DKKm | |
| 20 | Financial ratios | Q1-Q3 2016 | Q1-Q3 2015 | Q1-Q3 2014 | Q1-Q3 2013 | Q1-Q3 2012 |
| Return on equity (ROE) | | | | | | |
| | Profit before tax in pc of equity*) | 6.3 | 5.2 | 6.5 | 4.6 | 5.6 |
| | Profit after tax in pc of equity*) | 4.9 | 4.0 | 4.9 | 3.5 | 4.2 |
| Return on capital employed | | | | | | |
| | Return on capital employed*) | 0.38 | 0.33 | 0.34 | 0.23 | 0.24 |
| Costs | | | | | | |
| | Costs in pc of loan portfolio | 0.13 | 0.12 | 0.12 | 0.11 | 0.11 |
| | Income/cost ratio*) | 3.65 | 3.50 | 4.02 | 2.90 | 3.18 |
| | Income/cost ratio, excl. write-downs for | 5.82 | 4.68 | 5.75 | 4.34 | 4.33 |
| Solvency (incl. profit for the year) | | | | | | |
| | Capital ratio, pc*) | 14.1 | 12.4 | 12.4 | 12.0 | 12.6 |
| | Core capital ratio, pc*) | 14.1 | 12.4 | 12.4 | 11.9 | 12.5 |
| Losses and arrears | | | | | | |
| | Arrears, end-of-period (DKKkM) | 137.1 | 139.1 | 128.4 | 144.8 | 194.7 |
| | Loss and impairment ratio for the period (in pc of loan portfolio*) | 0.08 | 0.04 | 0.05 | 0.06 | 0.04 |
| | Accumulated loss and impairment ratio (in pc of loan portfolio) | 0.44 | 0.43 | 0.31 | 0.28 | 0.25 |
| Lending activity | | | | | | |
| | Growth in loan portfolio, pc (nominal)*) | 2.6 | 0.1 | (0.6) | (0.3) | 1.5 |
| | New loans, gross (DKKkM) | 14,306 | 17,247 | 13,393 | 7,918 | 12,663 |
| | Number of new loans | 4,578 | 6,684 | 4,219 | 3,589 | 5,351 |
| | Loan/equity ratio*) | 11.4 | 12.0 | 12.7 | 13.7 | 16.0 |
| Margins | | | | | | |
| Percentage of average loan portfolio (nominal): | | | | | | |
| | Profit before tax | 0.58 | 0.41 | 0.50 | 0.33 | 0.33 |
| | Administrative margin | 0.81 | 0.82 | 0.80 | 0.79 | 0.70 |
| | Foreign exchange position as a | 9.1 | 4.4 | 2.8 | 1.7 | 7.3 |
| <p>*) The financial ratios have been calculated in accordance with the definitions by the Danish Financial Supervisory Authority.</p> <p>**) The capital ratio for Q3 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.</p> | | | | | | |

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 September 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 September 2016 as well as of the results of the Company's operations for the period 1 January – 30 September 2016.

Copenhagen, 27 October 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