

7. februar 2019



Til Nasdaq Copenhagen

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## **Tillæg nr. 1 til Senior Non-Preferred notes Basisprospekt**

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I forbindelse med offentliggørelse af DLR Kredits årsrapport for 2018 offentliggøres hermed nedenstående prospekttillæg til "DLR Kredit A/S DKK 5,000,000,000 Senior Non-Preferred Note Programme" dateret 13. juni 2018.

Med venlig hilsen

DLR Kredit A/S

**Addendum no 1 to DLR Kredit A/S DKK 5,000,000,000 Senior Non-Preferred Note Programme  
dated 13 June 2018**

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**Amendments to the original Base Prospectus**

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Page 1      The Issuer has been rated A-/positive/A-2 (counterparty credit rating) by Standard and Poor’s Credit Market  
Section 5      Services Europe Limited (“S&P”), following a revision of S&P’s outlook on DLR Kredit A/S to positive  
from stable on 13 July 2018.

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Page 33      **DOCUMENTS INCORPORATED BY REFERENCE**

The Base Prospectus should be read and construed in conjunction with the audited annual financial statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2018 together, in each case, with the audit report thereon, which has been previously published or is published simultaneously with this Addendum to the Base Prospectus. Such documents shall be incorporated in, and form part of, the Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of the Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of the Base Prospectus.

The audited annual financial statements of the Issuer for the two financial years ended 31 December 2017 and 31 December 2018, respectively, incorporated by reference herein have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and Danish disclosure requirements for issuers of listed bonds.

The audited annual financial statements of the Issuer for the financial year ended 31 December 2018 is presented and prepared in a form consistent with that which will be adopted in the Issuer’s next published annual financial statements.

The table below sets out the relevant page references for the audited annual financial statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2018 as set out in the relevant annual report of the Issuer for such periods (respectively, the “**2017 Annual Report of the Issuer**”, the “**2018 Annual Report of the Issuer**” and together, the “**Annual Reports of the Issuer**”). Information contained in the documents incorporated by reference other than the information listed in the table below is for information purposes only and does not form part of the Base Prospectus.

Page 33      **Audited annual financial statements of the Issuer for the financial year ended 31 December 2018**

**2018 Annual Report of the Issuer**

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**Audited annual financial statements of the Issuer for the financial year ended 31 December 2017**

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**2017 Annual Report of the Issuer**

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Statement of Comprehensive Income.....	Page 64
Balance sheet.....	Page 65
Accounting Policies.....	Pages 98-105
Notes.....	Pages 68-97
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The 2018 Annual Report of the issuer incorporated by reference herein can be viewed online at <http://www.dlr.dk/regnskab-og-raportering>.

The 2017 Annual Report of the issuer incorporated by reference herein can be viewed online at <http://www.dlr.dk/regnskab-og-raportering>.

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**BUSINESS DESCRIPTION OF THE ISSUER****Ownership and legal structure**

The Issuer’s registered office is situated in the City of Copenhagen, at Nyropsgade 21, DK-1780 Copenhagen V, Denmark. The legal and commercial name of the Issuer is DLR Kredit A/S. The Issuer carries on business under the secondary name, Dansk Landbrugs Realkreditfond A/S.

The Issuer is incorporated in Denmark as a limited liability company under the laws of Denmark and is registered in Denmark with the Danish Business Authority under company registration (CVR) number 25 78 13 09.

Pursuant to article 2 of the Issuer’s Articles of Associations, the Issuer’s object is to carry on business as a mortgage bank and other business deemed to be related to this object.

The Issuer’s share capital amounts to DKK 569,964,023 divided into shares of DKK 1 each. The share capital is not divided into classes. At the date of preparation of the Supplement to the Base Prospectus, the Issuer holds 29,420,037 shares itself, representing 5.16 per cent of the share capital. The remaining share capital consisting of 540,543,986 shares has been fully paid up.

The Issuer’s shares are primarily owned by domestic financial institutions. No shareholder holds a controlling interest. At the date of preparation of this Base Prospectus, the following shareholders have an ownership interest of more than 5 per cent: Jyske Bank A/S, Nykredit Realkredit A/S, Sydbank A/S, Spar Nord Bank A/S, Ringkøbing Landbobank A/S and PRAS A/S.

The Issuer is not part of a group. The Issuer’s shares are not admitted to trading on a regulated market, and any share transaction, that is, transfer of ownership and/or voting rights, is subject to approval by the Issuer’s Board of Directors. The Issuer primarily distributes its products (loans) through its shareholding banks, but also through other financial institutions.

The Issuer is licenced by the Danish Financial Supervisory Authority (“**DFSA**”) to operate its business, and the DFSA supervises the Issuer on an ongoing basis.

The issuer had total assets of DKK 160.7bn (approx. EUR 21.5bn) as at 31 December 2018, and the Issuer’s total equity amounted to DKK 13.0bn (approx. EUR 1.7bn) as at 31 December 2018. Profit before tax for

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the financial year ended 31 December 2018 was DKK 905m (approx. EUR 121m). The Issuer had 187 full-time equivalent employees on average in 2018, and 26 part-time employed agricultural valuers.

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### Financial highlights

<b>DKK millions</b>	<b>2018</b>	<b>2017</b>
<b><i>Income statement:</i></b>		
Core income (mortgage credit income)	1,291	1,293
Staff costs and administrative expenses, etc.	-276	-255
Other operating costs (contribution to Resolution Fund)	-11	-12
Provisions for impairments on loans and receivables etc.	-24	94
Core earnings	979	1,121
Earnings from investment portfolios (sub-funds)	-74	6
Profit before tax	905	1,126
Profit after tax	707	880
<b><i>Balance sheet:</i></b>		
Loans and advances	148,611	143,061
Issued bonds at fair value	145,901	148,972
Equity	12,974	12,415
Total assets	160,738	163,375
<b><i>Financial ratios:</i></b>		
Total capital ratio (per cent)	16.9	15.9
Common Equity Tier 1 capital ratio (per cent)	16.0	15.1
Profit before tax as a percentage of equity	7.1	9.1

### The Issuer's business activities

The Issuer is a mortgage bank operating in Denmark. In addition, the Issuer operates a mortgage lending business in Greenland and the Faeroe Islands of very limited significance.

The Issuer carries on mortgage credit business, including any kind of activities permitted pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act and other applicable legislation on mortgage banks in force at any given time.

The Issuer primarily offers mortgage financing of agricultural, forestry and market garden property, private residential rental property, private cooperative property, office and retail property and manufacturing and workshop property.

At 31 December 2018, the Issuer's loan portfolio in terms of nominal outstanding bond debt amounted to DKK 146.4bn, of which loans to Greenland and the Faroe Islands amounted to DKK 2.1bn or 1.4 per cent of the loan portfolio. Total lending to agriculture represented 60 per cent of the outstanding bond debt; lending to owner-occupied dwellings including residential farms represented 5 per cent and lending to commercial properties and private cooperative properties represented 35 per cent (as set out below):

**The Issuer's mortgage loans at nominal value by property category as at 31 December 2018**

	<b>Proportion (per cent)</b>
Agricultural properties, incl. market garden property	60.0
Owner-occupied dwellings, incl. residential farms	5.4
Office and retail properties	16.5
Private residential rental properties	14.4
Private cooperative properties	2.0
Other properties	1.7

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**Capital structure**

The Issuer's capital structure at 31 December 2018 is shown below:

	<b>2018 (DKKm)</b>	<b>2017 (DKKm)</b>
<b>DLR's own funds at 31 December</b>		
Share capital	570	570
Issuance premium	0	0
Non-distributable reserves	2,338	2,338
Retained earnings	9,359	8,683
Profit for the year	707	824
Tier 1 capital primary deductions:	-630	-693
Tier 1 capital after primary deductions	12,344	11,722
Additional Tier 1 capital	0	0
Tier 1 capital incl. Additional Tier 1 capital after deductions	12,344	11,722
Other deductions	0	0
Tier 1 capital incl. hybrid core capital	12,344	11,722
Tier 2 capital	650	650
Included Tier 2 capital	650	650
Own funds before deductions	12,994	12,372
Deductions in own funds	0	0
Own funds after deductions	12,994	12,375

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**DLR ratings**

**S&P**

Counterparty Credit Rating

A-/Positive/A-2

A rating of a security may at any time be revised, suspended, reduced or withdrawn by the assigning credit rating agency. Further, the Issuer may terminate the relationship with the credit rating agency.

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**Credit risk**

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At year-end 2018, 96 per cent of the Issuer's loan portfolio was covered by guarantee schemes, including a minor share of the portfolio amounting to around DKK 0.3bn covered by a government guarantee.

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At year-end 2018, DKK 90bn, or 61 per cent, of the Issuer's loan portfolio was covered by the universal guarantee concept.

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*Loans granted up to 31 December 2014*

Loan-loss agreements in the commercial area for loans offered up until the end of 2014 comprise at year-end 2018 a portfolio of DKK 18bn.

Loans on agricultural and market garden property granted prior to 2015 were also covered by a guarantee agreement between the Issuer and its partner banks under the “cooperative agreement”. This is a collective guarantee scheme for loans granted under the cooperative agreement between the Issuer and the loan-distributing banks that is invoked if the Issuer’s aggregate losses on agricultural loans provided by distributing banks exceed a pre-determined amount (the Issuer’s excess) within a single calendar year. The excess is defined as 1.5 times the unweighted average of the losses in the preceding five years, though not less than 0.25 per cent of the loan portfolio covered by the agreement. The agreement covered DKK 32bn of the loan portfolio at year-end 2018. Hence, the issuer could potentially have to bear losses up to roughly DKK 80m (the Issuer’s excess) in 2019 (0.25 per cent of DKK 32bn).

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Investors who have accepted buying or subscribing for Bonds before the publication of this Supplement are entitled to withdraw their acceptance within a time limit of at least two working days after the publication of this Supplement, ie until 11 February 2019, pursuant to Article 16(2) of the Prospectus Directive and the relevant implementation legislation in Denmark.

**RESPONSIBILITY STATEMENT**

The Board of Directors and the Executive Board are responsible for this Addendum to the Base Prospectus on behalf of the Issuer.

The Issuer’s statement

We, the Board of Directors and the Executive Board of the Issuer, hereby declare that we, as the persons responsible for this Addendum to the Base Prospectus on behalf of the Issuer, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Addendum is in accordance with the facts and does not omit anything likely to affect the importance of its contents.

Copenhagen, 7 February 2019.

For and on behalf of DLR Kredit A/S

Jens Kr. A. Møller  
(Managing Director and CEO)

Michael Jensen  
(Managing Director)