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To the OMX Exchanges/Copenhagen
Nikolaj Plads 6
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Today, the Board of Directors of DLR Kredit A/S approved the Annual Report for 2006.

We enclose the Annual Report and Financial Statements for DLR Kredit A/S for the period 1 January - 31 December 2006.

Yours sincerely

DLR Kredit A/S

Bent Andersen
Managing Director and CEO

B. Dyreborg-Carlsen
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Financial Statements 2006

Financial Summary for the period 2002-2006

DKKm	2002	2003	2004	2005	2006
Net interest income	483.5	566.2	603.2	723.7	773.8
Net fee income etc.	(79.6)	(95.2)	(127.8)	(144.5)	(171.4)
Value adjustments	90.5	(17.4)	(20.7)	(31.9)	(52.0)
Other operating income	18.0	18.1	18.8	16.4	19.2
Staff costs and administrative expenses	(135.0)	(150.1)	(145.8)	(157.6)	(159.3)
Depreciation on fixed assets	(3.9)	(3.7)	(4.4)	(5.6)	(6.3)
Other operating expenses	(2.4)	0.0	(9.3)	(0.1)	0.0
Provisions for loan and receivable impairment etc.	(22.8)	(21.1)	19.8	(2.8)	174.4
Profit before tax	348.3	296.8	333.8	397.6	578.4
Profit after tax	240.9	204.4	236.4	287.7	416.9
Balance sheet total	66,806.3	80,998.7	111,038.4	94,148.0	104,567.2
Equity					
Share capital	300.0	300.0	300.0	335.5	335.5
Other reserves and transfers to reserves	2,481.4	2,686.1	2,946.7	3,526.4	3,943.0
Total equity	2,781.4	2,986.1	3,246.7	3,861.9	4,278.5
Subordinated debt	775.0	787.5	3,773.7	3,733.2	3,693.1
Guarantee capital	724.5	634.0	0.0	0.0	0.0
Capital base	4,280.9	4,407.6	7,020.4	7,595.1	7,971.6
Solvency ratio incl. profit for the year	10.8	9.5	11.6	11.7	11.3
Solvency requirement	8.0	8.0	8.0	8.0	8.0
Core capital ratio	6.9	6.4	5.8	6.8	7.0
Profit before tax in pc of equity	13.1	10.3	10.7	11.2	14.2
Profit after tax in pc of equity	9.1	7.1	7.6	8.1	10.2
Loss and impairment ratio for the year	0.05	0.04	(0.03)	0.00	(0.19)
Costs in pc of loan portfolio	0.29	0.27	0.23	0.20	0.18

The year in headlines

- **Solid activity level**
- **Net lending amounted to DKK 9.1bn**
- **Still very limited losses**
- **Reversal of write-downs for impairment amounting to DKK 184.2m**
- **Satisfactory financial results**
- **Return on equity before tax at 14.2 pc**
- **The capital base amounted to DKK 7,971.6m, corresponding to a solvency ratio of 11.3 pc**

Lending activity in 2006

The lending activity in 2006 was at a more normal level compared to 2005, which was an extremely busy year, characterised by a high level of remortgaging activity. Despite the lower activity level and the intensifying competition situation in the sectors to which DLR offers loans, DLR succeeded in maintaining and in some areas even expanding its share of the Danish mortgage credit sector lending.

In 2006, net lending amounted to DKK 9.1bn against DKK 11.7bn in 2005. Net lending was distributed with 55 pc on agricultural properties and 45 pc on urban trade and co-operative housing properties.

At the end of 2006, DLR's total outstanding mortgage loan volume amounted to DKK 91.2bn. At the end of 2006, agricultural properties, including residential farms, accounted for 73 pc of DLR's lending portfolio, whereas loans to urban trade properties and co-operative housing properties accounted for 27 pc.

Profit and loss account

In 2006, DLR Kredit generated pre-tax results of DKK 578.4m against DKK 397.6m in 2005.

Net interest income rose from DKK 723.7m in 2005 to DKK 773.8m in 2006, whereas fee and commission income (net) showed expenses of DKK 171.4m in 2006 compared with expenses of DKK 144.5m in 2005.

The growth in net interest income was primarily due to increased fees from the growing loan portfolio. At the same time, the increasing securities portfolio in combination with the rising interest level also contributed to the growth in net interest income.

The higher net fee and commission payments are mainly due to a fall in fee earnings resulting from the lower activity level in 2006 compared to 2005.

Staff costs and administrative expenses rose moderately in 2006 to DKK 159.3m against DKK 157.6m in 2005. Depreciation amounted to DKK 6.3m and DKK 5.6m in 2006 and 2005, respectively.

DLR experienced a negative value adjustment of DKK 52.0m against expenses of DKK 31.9m in 2005. This negative adjustment was caused by both the generally increasing interest level and also by the fact that quite a considerable part of the securities portfolio is invested in 1-year ARM bonds, which were acquired at prices above 100, but which are redeemed at par.

Losses ascertained on loans, including adjustments from previous years, have been calculated at DKK 9.8m for 2006. And since a reversal of write-downs for impairment was made at the end of 2006, amounting to DKK 184.2m, the item 'Provisions for loan and receivable impairment etc.' affects the pre-tax profit for the year with DKK 174.4m.

This considerable reduction of the item is due to the fact that DLR has reversed all group-based write-downs, since it was estimated that objective indications for the deterioration in value of groups of loans no longer exist.

Tax on the profit for 2006 has been calculated at DKK 161.5m, and so profit for the year is calculated at DKK 416.9m against DKK 287.7m in 2005.

If the effect of the reversal of the write-downs for impairment is disregarded, the results for 2006 match the expectations put forward in DLR's Interim Report for the first three quarters of 2006.

Balance sheet

In 2006, DLR's balance sheet rose from DKK 94.1bn to DKK 104.6bn.

The total loan portfolio amounted to DKK 91.2bn at the end of 2006 against DKK 83.3bn at the beginning of the year.

Equity

At the end of the year, DLR's equity amounted to DKK 4,278.5m against DKK 3,861.9m at the end of 2005.

Solvency

At the end of 2006, DLR's capital base amounted to DKK 7,971.6m. The capital base has been calculated at DKK 7,970.3m after deduction of capitalised tax, while the weighted assets have been calculated at DKK 70,631.1m, which corresponds to a solvency ratio of 11.28 pc.

Capital structure

In recent years, DLR's capital base has been considerably strengthened. In 2004 this happened primarily through the raising of a subordinated loan (Tier 2) of EUR 400m in the European capital market.

In 2005, this transaction was followed up with the raising of hybrid capital (Tier I) at EUR 100m, also in the European capital market. The same year, DLR's share capital was increased; this increase resulted in proceeds of approximately DKK 300m.

The need for a continued strengthening of DLR's capital base is primarily caused by DLR's increasing loan portfolio.

DLR's profit after tax amounting to DKK 416.9m in 2006 means an additional strengthening of DLR's capital base.

At the end of 2006, DLR's total subordinated debt amounted to DKK 3,693.1m. This amount consists of the hybrid core capital amounting to DKK 711.6m (EUR 100m adjusted for the fair value of interest rate swaps entered into to secure cash flows on the hybrid core capital) and supplementary capital amounting to DKK 2,981.5m (EUR 400m).

Outlook for 2007

For 2007, DLR expects an almost unchanged level of activity compared to 2006. At the same time, additional diversification is expected in DLR's loan portfolio distributed on property categories. We also anticipate an unchanged interest rate level for 2007 compared to the level at the end of 2006.

Before provisions for loan and receivable impairment as well as tax, DLR budgets with a profit in the range of DKK 470m to DKK 480m.

Since there are no indications at the moment that DLR's losses on mortgages will increase, DLR expects that the modest level of losses of previous years will continue in 2007. With regard to urban trade properties and private cooperative housing properties, DLR expects no losses in 2007.

Profit and Loss Account for the period 1 January - 31 December 2006

(DKKm)	2006	2005
Interest income	4,244.7	4,508.8
Interest expenses	(3,470.9)	(3,785.1)
Net interest income	773.8	723.7
Dividends from shares etc.	1.6	0.9
Fee and commission income	57.8	96.8
Fee and commission paid	(229.2)	(241.3)
Net interest and fee income	604.0	580.1
Value adjustments	(52.0)	(31.9)
Other operating income	17.6	15.5
Staff costs and administrative expenses	(159.3)	(157.6)
Depreciation and impairment losses, tangible assets	(6.3)	(5.6)
Other operating costs	0.0	(0.1)
Provisions for loan and receivable impairment etc.	174.4	(2.8)
Profit before tax	578.4	397.6
Tax	(161.5)	(109.9)
Profit for the year	416.9	287.7

Balance at 31 December 2006

(DKKm)	2006	2005
Assets		
Cash balace	0.1	0.1
Receivables from credit institutions and central banks	5,612.3	9,201.2
Loans, advances and other receivables at fair value	91,156.8	83,260.3
Loans, advances and other receivables at amortised cost	1.9	4.4
Bonds at fair value	7,188.7	1,316.3
Shares etc.	12.5	10.7
Land and buildings, domicile properties	92.0	94.3
Other tangible assets	8.7	6.2
Deferred tax assets	1.4	1.3
Assets temporarily foreclosed	11.6	7.3
Other assets	475.7	239.8
Prepayments	5.5	6.1
Total assets	104,567.2	94,148.0

(DKKm)	2006	2005
Liabilities and equity		
Issued bonds at fair value	93,638.2	81,932.2
Current tax liabilities	0.7	12.1
Other debt and payables	2,951.7	4,601.2
Deferred income	0.9	2.7
Total debt	96,591.5	86,548.2
Provisions for deferred tax	4.1	4.7
Total provisions	4.1	4.7
Subordinated debt	3,693.1	3,733.2
Share capital	335.5	335.5
Revaluation reserve	24.3	24.3
Undistributable reserve	2,178.6	2,136.9
Retained earnings	1,740.1	1,365.2
Total equity	4,278.5	3,861.9
Total liabilities and equity	104,567.2	94,148.0