

20 April 2010



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To NASDAQ OMX København A/S  
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Today, the Board of Directors of DLR Kredit A/S approved the Financial Statements for the first quarter of 2010.

We enclose the Interim Report for DLR Kredit A/S covering the period 1 January – 31 March 2010.

Yours sincerely

DLR Kredit A/S

Bent Andersen  
Managing Director and CEO

B. Dyreborg-Carlsen  
Managing Director

Jens Kr. A. Møller  
Managing Director

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# Interim Report Q1 2010

## Management's Review

### Q1 2010 in headlines

- **Satisfactory activity level**
- **Net lending amounted to DKK 1.5bn**
- **Satisfactory earnings**
- **Application for individual government guarantee**
- **Expectations for 2010 maintained**

### Lending activities in Q1 2010

In Q1 2010 gross lending amounted to DKK 5.4bn, which is approximately at the same level compared to the corresponding period of 2009.

In the first quarter of 2010, net lending amounted to DKK 1.5bn, a decrease of 52 pc on the corresponding period in 2009. There was a significant fall in net lending to agricultural properties, but an increase in net lending to private rental housing properties as well as office and business properties. Net lending was distributed with 29 pc on agricultural properties and 71 pc on urban trade including co-operative housing properties.

### Profit and loss account

In Q1 2010, DLR generated a pre-tax profit of DKK 137.6m against DKK 170.8m in Q1 2009.

Net interest was reduced from DKK 253.2m in Q1 2009 to DKK 215.7m in Q1 2010, whereas fee and commission income (net) showed expenses of DKK 67.0m in Q1 2010 compared with expenses of DKK 63.3m for the corresponding period in 2009.

The decrease in net interest income is primarily attributable to substantial interest expenses on the government hybrid core capital (Banking Package II) raised in 2009. However, increased commission income has partly offset this negative development.

Staff costs and administrative expenses showed a decrease in Q1 2010 compared to Q1 2009 and came to DKK 45.9m (Q1 2009: DKK 46.9m). For Q1 2010, depreciation amounted to DKK 1.6m, which is largely at the same level compared to the corresponding period of 2009.

DLR experienced a positive value adjustment of DKK 71.5m against an income of DKK 44.3m in the corresponding period of 2009. This positive adjustment was primarily caused by the decreasing interest rate level during the first quarter of 2010.

Provisions for loan and receivable impairment etc. impact the figures for Q1 2010 negatively by DKK 39.5m against an expense of DKK 21.4m in Q1 2009.

Tax on the profit for the period has been calculated at DKK 34.4m, resulting in a profit after tax for the period of DKK 103.2m against DKK 128.1m for the corresponding period of 2009.

## Balance Sheet

At the end of March 2010, DLR's balance sheet amounted to DKK 135.1bn against DKK 149.3bn at the end of 2009.

At 31 March 2010, total lending amounted to DKK 132.4bn against DKK 130.6bn at year-end 2009.

## Equity

At 31 March 2010, DLR's equity amounted to DKK 6,637.6m against DKK 6,533.9m at the end of 2009.

## Solvency

At the end of Q1 2010, DLR's capital base amounted to DKK 12,242.6m, while weighted assets have been calculated at DKK 103,997.7m, corresponding to a solvency ratio of 11.8 pc (including profit for the period) at the end of Q1 2010.

## Capital Structure

At the end of Q1 2010, DLR's total subordinated debt amounted to DKK 5,607.6m. This amount consists of hybrid core capital amounting to DKK 778.5m (EUR 100m adjusted for the fair value of interest rate swaps entered into to hedge cash flows on the hybrid core capital) and the government hybrid core capital, raised at the end of H1 2009, of DKK 4,829.1m (Banking Package II).

DLR has applied to the Financial Stability Company for an individual government guarantee for future issues of 'senior debt' or 'junior covered bonds'.

When the Financial Stability Company has handled the application and the expected approval has been issued, it will be determined whether DLR wishes to exploit the guarantee framework, i.a. how large a share of the framework, DLR will exploit.

The purpose of the application for an individual government guarantee is to safeguard the possibility of obtaining finance for supplementary security for covered bonds. Supplementary security is required for covered bonds that exceed the statutory LTVs.

## Risk exposure

DLR's credit risk and market risk are estimated as 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 2010, 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 2010

For 2010 as a whole, DLR Kredit budgets with core earnings (profit before value adjustments, impairment losses and tax) in the range of DKK 400-450m. DLR Kredit's outlook is unchanged compared with the outlook announced in the Annual Report and the Stock Exchange Announcement for 2009.

As a consequence of the continuing weak economic trends, we expect a largely unchanged level of losses and provisions for impairment for 2010.

**Accounting Policies**

DLR's Interim Financial Statements have been prepared in accordance with the accounting rules for mortgage banks issued by the Danish Financial Supervisory Authority as well as the disclosure requirements for issuers of listed bonds specified by the NASDAQ OMX København.

The accounting policies are unchanged as compared with the Annual Report 2009, which may be downloaded from [www.dlr.dk](http://www.dlr.dk).

**Profit and Loss for the period 1 January – 31 March 2010**

<b>Note</b>	<b>(DKKm)</b>	<b>Q1 2010</b>	<b>Q1 2009</b>
<b>1</b>	Interest income	1,103.1	1,601.2
<b>2</b>	Interest expenses	(887.4)	(1,348.0)
	<b>Net interest income</b>	<b>215.7</b>	<b>253.2</b>
	Fee and commission income	21.8	15.3
	Fee and commission paid	(88.8)	(78.6)
	<b>Net interest and fee income</b>	<b>148.7</b>	<b>189.9</b>
<b>3</b>	Value adjustments	71.5	44.3
	Other operating income	4.4	6.7
<b>4</b>	Staff costs and administrative expenses	(45.9)	(46.9)
<b>11+12</b>	Depreciation and impairment losses, tangible assets	(1.6)	(1.8)
<b>5</b>	Provisions for loan and receivable impairment etc.	(39.5)	(21.4)
	<b>Profit before tax</b>	<b>137.6</b>	<b>170.8</b>
	Tax	(34.4)	(42.7)
	<b>Profit for the period</b>	<b>103.2</b>	<b>128.1</b>

## Balance Sheet at 31 March 2010

Note	(DKKm)	31 March 2010	31 Dec. 2009
<b>Assets</b>			
	Receivables from credit institutions and central banks	2,315.2	8,130.5
7	Loans, advances and other receivables at fair value	132,386.4	130,609.9
7	Loans, advances and other receivables at amortised cost	0.9	0.8
9	Bonds at fair value	0.0	9,794.8
10	Shares etc.	15.7	15.7
11	Land and buildings, domicile properties	84.5	85.1
12	Other tangible assets	6.6	6.9
	Current tax assets	11.7	10.1
	Deferred tax assets	2.6	2.6
	Assets temporarily foreclosed	58.0	22.0
13	Other assets	225.6	640.0
	Prepayments	13.6	11.1
	<b>Total assets</b>	<b>135,120.8</b>	<b>149,329.5</b>
<b>Liabilities and equity</b>			
	Payables to credit institutions and central banks	0.0	5,000.0
14	Issued bonds at fair value	119,279.2	127,029.3
15	Issued bonds at amortised cost	7.1	7.1
16	Other debt and payables	3,582.8	5,165.0
	Deferred income	4.8	4.9
	<b>Total debt</b>	<b>122,873.9</b>	<b>137,206.3</b>
	Provisions for deferred tax	1.7	1.9
	<b>Total provisions</b>	<b>1.7</b>	<b>1.9</b>
17	<b>Subordinated debt</b>	<b>5,607.6</b>	<b>5,587.4</b>
	Share capital	431.2	431.2
	Revaluation reserve	24.3	24.3
	Undistributable reserve	2,295.4	2,295.4
	Retained earnings	3,886.7	3,783.0
	<b>Total equity</b>	<b>6,637.6</b>	<b>6,533.9</b>
	<b>Total liabilities and equity</b>	<b>135,120.8</b>	<b>149,329.5</b>

### Statement of Changes in Equity

(DKKm)	Share capital	Revalu- ation reserve	Undis- tributable reserve	Retained Earnings	Total
<b>Equity at 31.12.2009</b>	<b>431.2</b>	<b>24.3</b>	<b>2,295.4</b>	<b>3,783.0</b>	<b>6,533.9</b>
Foreign exchange adjustments	0.0	0.0	0.0	0.5	0.5
Profit for the period	0.0	0.0	0.0	103.2	103.2
<b>Equity at 31.3.2010</b>	<b>431.2</b>	<b>24.3</b>	<b>2,295.4</b>	<b>3,886.7</b>	<b>6,637.6</b>

## Notes to the Financial Statements

Note	(DKKm)	Q1 2010	Q1 2009
<b>1</b>	<b>Interest income from:</b>		
	Receivables from credit institutions and central banks	0.8	15.5
	Loans and advances	860.1	1,395.0
	Administration fees	234.6	182.3
	Bonds	82.4	85.2
	Other interest income	6.5	7.2
	<b>Total interest income</b>	<b>1,184.4</b>	<b>1,685.2</b>
	Interest from own mortgage bonds offset against interest on issued bonds	(81.3)	(84.0)
	<b>Total</b>	<b>1,103.1</b>	<b>1,601.2</b>
<b>2</b>	<b>Interest expenses for:</b>		
	Credit institutions and central banks	3.5	7.9
	Issued bonds	849.7	1,389.5
	Hybrid core capital	3.2	7.5
	Government hybrid core capital	111.2	0.0
	Subordinated debt	0.0	26.8
	Other interest expenses	1.1	0.3
	<b>Total interest expenses</b>	<b>968.7</b>	<b>1,432.0</b>
	Interest from own mortgage bonds offset against interest on issued bonds	(81.3)	(84.0)
	<b>Total</b>	<b>887.4</b>	<b>1,348.0</b>
<b>3</b>	<b>Value adjustments of:</b>		
	Mortgage loans	(4.1)	741.2
	Bonds	76.7	3.7
	Foreign exchange	3.5	0.2
	Derivate financial instruments	(4.6)	40.4
	Issued bonds	0.0	(741.2)
	<b>Total value adjustments</b>	<b>71.5</b>	<b>44.3</b>



## Notes to the Financial Statements

Note	(DKKm)	Q1 2010	Q1 2009
<b>4</b>	<b>Staff costs and administrative expenses:</b>		
	Salaries and remuneration to the Board of Directors and Executive Board		
	Executive Board	1.8	1.3
	Board of Directors	0.3	0.3
	<b>Total</b>	<b>2.1</b>	<b>1.6</b>
	The company has no pension obligations to the Board of Directors and Executive Board.		
	Staff costs		
	Salaries	19.1	18.6
	Pension costs	2.0	2.0
	Social security costs	2.5	2.6
	<b>Total</b>	<b>23.6</b>	<b>23.2</b>
	Other administrative expenses		
	Valuation expenses	3.8	4.9
	Office expenses etc.	10.6	9.8
	Audit, supervision etc.	1.6	1.5
	Other operating costs	4.2	5.9
	<b>Total staff costs and administrative expenses</b>	<b>45.9</b>	<b>46.9</b>
<b>5</b>	<b>Provisions and impairment losses for loan and receivable impairment etc.</b>		
	Impairment losses without previous provisions	(18.9)	(6.8)
	Recovery of debt previously written off	0.6	0.5
	Provisions for the period	(42.0)	(15.6)
	Reversal of provisions	20.8	0.5
	<b>Total provisions and impairment losses for loan and receivable impairment etc.</b>	<b>(39.5)</b>	<b>(21.4)</b>

## Notes to the Financial Statements

Note	(DKKm)	31 March 2010	31 Dec. 2009
<b>6</b>	<b>Provisions for loan and receivable impairment etc.</b>		
	<b>Individual provisions</b>		
	Provisions, loans and guarantees, beginning-of-year	257.0	162.6
	Provisions during the period	42.0	94.9
	Reversal of provisions	(20.8)	(0.5)
	<b>Provisions, end-of-period</b>	<b>278.2</b>	<b>257.0</b>
	<b>Group-based provisions</b>		
	Provisions, loans and guarantees, beginning-of-year	44.9	0.0
	Provisions during the period	0.0	44.9
	Reversal of provisions	0.0	0.0
	<b>Provisions, end-of-period</b>	<b>44.9</b>	<b>44.9</b>
	<b>Total provisions, end-of-period</b>	<b>323.1</b>	<b>301.9</b>
<b>7</b>	<b>Loans and advances</b>		
	Mortgage loans, nominal value	131,526.2	130,413.9
	Adjustment for interest risk etc.	893.3	212.5
	Adjustment for credit risk	(250.3)	(237.1)
	<b>Total mortgage loans at fair value</b>	<b>132,169.2</b>	<b>130,389.3</b>
	Arrears and outlays	217.2	220.6
	Other loans and advances	0.9	0.8
	<b>Total loans and advances</b>	<b>132,387.3</b>	<b>130,610.7</b>
	Pursuant to special legislation, a government guarantee of DKK 944.8m has been provided as supplementary security for young farmers' loans.		
	Pursuant to special legislation, a government guarantee of DKK 0.4m has been provided as supplementary security for debt rescheduling loans.		
	A guarantee of DKK 2,416.2m has been provided for advance loans.		
	As supplementary guarantee for mortgage loans, bankers' guarantees of DKK 15,824.7m have been provided.		
<b>8</b>	<b>Mortgage loans (nominal value) by property category, in pc</b>		
	Agricultural properties	64.2	64.6
	Owner-occupied dwellings	6.3	6.3
	Subsidised rental housing properties	0.2	0.2
	Private rental housing properties	12.9	12.8
	Office and business properties	15.9	15.6
	Properties for manufacturing and manual industries	0.4	0.4
	Properties for social, cultural and educational purposes	0.0	0.0
	Other properties	0.1	0.1
	<b>Total, in pc</b>	<b>100.0</b>	<b>100.0</b>

## Notes to the Financial Statements

Note	(DKKm)	31 March 2010	31 Dec. 2009
<b>9</b>	<b>Bonds at fair value</b>		
	- Own mortgage bonds	14,713.0	72,531.9
	- Other mortgage bonds	0.0	9,794.8
	- Other bonds (drawn)	95.7	67.5
	<b>Total bonds</b>	<b>14,808.7</b>	<b>82,394.2</b>
	Own mortgage bonds offset against issued bonds	(14,808.7)	(72,599.4)
	<b>Total</b>	<b>0.0</b>	<b>9,794.8</b>
<b>10</b>	<b>Shares etc.</b>		
	Other shares	15.7	15.7
	<b>Total shares etc.</b>	<b>15.7</b>	<b>15.7</b>
<b>11</b>	<b>Land and buildings</b>		
	<b>Domicile properties</b>		
	Fair value, beginning-of-year	85.1	87.4
	Additions during the period	0.0	0.0
	Depreciation	(0.6)	(2.3)
	<b>Fair value, end-of-period</b>	<b>84.5</b>	<b>85.1</b>
<b>12</b>	<b>Other tangible assets</b>		
	Cost, beginning-of-year	31.6	32.4
	Additions during the period	0.8	1.8
	Disposals during the period	(0.4)	(2.6)
	<b>Cost, end-of-period</b>	<b>32.0</b>	<b>31.6</b>
	Depreciation, beginning-of-year	24.7	22.1
	Depreciation for the period	1.0	5.0
	Depreciation written back	(0.3)	(2.4)
	<b>Depreciation, end-of-period</b>	<b>25.4</b>	<b>24.7</b>
	<b>Total other tangible assets</b>	<b>6.6</b>	<b>6.9</b>
<b>13</b>	<b>Other assets</b>		
	Positive market value of derivative financial instruments etc.	36.2	31.0
	Other receivables	67.0	136.2
	Interest and commission receivable	122.4	472.8
	<b>Total</b>	<b>225.6</b>	<b>640.0</b>

## Notes to the Financial Statements

Note	(DKKm)	31 March 2010	31 Dec. 2009
<b>14</b>	<b>Issued bonds at fair value</b>		
	Mortgage bonds - nominal value	133,161.4	199,537.1
	Fair value adjustment	926.5	91.6
	Own mortgage bonds offset – at fair value	(14,808.7)	(72,599.4)
	<b>Mortgage bonds at fair value</b>	<b>119,279.2</b>	<b>127,029.3</b>
	Of which pre-issued	893.4	64,931.0
	Drawn for redemption in next term	2,127.1	1,739.0
<b>15</b>	<b>Issued bonds at amortised cost</b>		
	Employee bonds	7.1	7.1
	<b>Total</b>	<b>7.1</b>	<b>7.1</b>
<b>16</b>	<b>Other debt and payables</b>		
	Negative market value of derivative financial instruments etc.	0.0	12.3
	Interest and commission payable	945.8	310.0
	Lease commitments	0.5	0.6
	Other payables	2,636.5	4,842.1
	<b>Total</b>	<b>3,582.8</b>	<b>5,165.0</b>

## Notes to the Financial Statements

Note	(DKKm)	31 March 2010	31 Dec. 2009
<b>17</b>	<b>Subordinated debt</b>		
	Hybrid core capital <sup>1)</sup>	778.5	758.3
	Government hybrid core capital <sup>2)</sup>	4,829.1	4,829.1
	<b>Total subordinated debt</b>	<b>5,607.6</b>	<b>5,587.4</b>
<p>1) Hybrid core capital in DLR Kredit:  EUR 100m raised on 16 June 2005. The loan is perpetual. The loan carries a fixed rate of 4.269 pc 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. For Q1 2010, the total hybrid core capital may be included in the capital base.</p> <p>Interest: DKK 3.2m.</p>			
<p>2) Government hybrid core capital in DLR Kredit:  DKK 4,829.1m raised on 26 June 2009. The loan is perpetual. The loan carries a fixed rate of 9.260603 pc. The capital injection is classified in two tranches DKK 3,154.3m without conversion obligation and DKK1,674.8m with conversion obligation respectively. For Q1 2010, the total government hybrid core capital may be included in the capital base.</p> <p>Interest: DKK 111.2m.</p>			

## Notes to the Financial Statements

<b>Note</b>					
<b>18 Financial and operating data and Financial Ratios</b>					
<b>Financial and operating data, DKKm</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>Q1</b>	<b>Q1</b>	<b>Q1</b>	<b>Q1</b>	<b>Q1</b>
<b>Profit and Loss Account</b>					
Net interest and fee income	148.7	189.9	162.2	160.3	136.9
Other operating income etc.	4.4	6.7	4.0	4.3	3.3
Staff costs and administrative expenses	(45.9)	(46.9)	(38.8)	(37.3)	(40.7)
Other operating costs	(1.6)	(1.8)	(1.7)	(1.6)	(1.2)
Core earnings	105.6	147.9	125.7	125.7	98.3
Provisions for loan and receivable impairment etc.	(39.5)	(21.4)	7.0	5.5	10.1
Value adjustments	71.5	44.3	18.8	(2.9)	3.3
Profit before tax	137.6	170.8	151.5	128.3	111.7
Profit after tax	103.2	128.1	113.6	93.5	81.6
<b>Balance Sheet at 31 March</b>					
<b>Assets</b>					
Loans and advances	132,387.3	125,979.5	110,606.8	94,161.4	85,064.9
Bonds and shares etc.	15.7	15.7	551.1	423.1	14.1
Other assets	2,717.8	4,711.0	3,415.0	4,063.3	4,837.5
Total assets	135,120.8	130,706.2	114,572.9	98,647.8	89,916.5
<b>Liabilities and equity</b>					
Issued bonds	119,286.3	119,037.5	103,798.6	88,838.3	79,962.4
Other debt and payables	3,589.3	2,169.0	2,305.2	1,744.6	2,271.3
Subordinated debt	5,607.6	3,763.2	3,703.9	3,693.3	3,739.2
Equity	6,637.6	5,736.5	4,765.2	4,371.6	3,943.6
Total liabilities and equity	135,120.8	130,706.2	114,572.9	98,647.8	89,916.5
<b>Financial Ratios</b>					
<b>Return on equity (ROE)</b>					
Profit before tax in pc of equity *)	2.1	3.0	3.2	3.0	2.9
Profit after tax in pc of equity *)	1.6	2.3	2.4	2.2	2.1
<b>Costs</b>					
Income/cost ratio *)	2.58	3.44	5.52	4.85	4.51
Income/cost ratio, excl. write-downs for impairment	4.73	4.94	4.57	4.16	3.42
<b>Solvency (incl. profit for the period)</b>					
Solvency ratio, pc *)	11.8	9.7	9.8	11.0	11.7
Core capital ratio, pc *)	11.7	6.6	6.3	6.9	6.8
<b>Losses and arrears</b>					
Arrears, year-end (DKKm)	238.4	202.0	101.0	77.0	54.3
Loss and impairment ratio for the period (pc of loan portf.) *)	0.0	0.0	0.0	0.0	0.0
Accumulated loss and impairment ratio (pc of loan portfolio)	0.2	0.1	0.1	0.2	0.4
<b>Lending activity</b>					
Growth in loan portfolio, pc (nominal) *)	0.8	2.4	4.3	3.3	3.7
New loans, gross (DKKm)	5,428	5,341	7,051	4,888	5,467
Number of new loans	1,974	1,805	1,953	1,821	2,167
Loan/equity ratio *)	19.9	22.0	23.2	21.5	21.6
<b>Margins</b>					
Administrative margin in pc of average loan portfolio	0.18	0.15	0.15	0.16	0.16
Foreign exchange position in pc of core capital after deduct. *)	10.8	15.5	14.1	11.7	9.9

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

## Management's Statement on the Interim Financial Statements

Today, the Board of Directors and the Executive Board reviewed and approved the Interim Financial Statements for the period 1 January – 31 March 2010 of DLR Kredit A/S.

The Interim Financial Statements have 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 København 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 2010 and of the results of the Company's operations and cash flows for the period 1 January – 31 March 2010.

The Interim Financial Statements have not been subject to audit or review.

Copenhagen, 20 April 2010

### Executive Board

Bent Andersen  
*Managing Director, CEO*

B. Dyreborg-Carlsen  
*Managing Director*

Jens Kr. A. Møller  
*Managing Director*

### Board of Directors

Svend Jørgensen  
*Chairman*

Preben Lund Hansen  
*Deputy Chairman*

Anders Dam

Peter Gæmelke

Tanja Bregninge Itenov

Jens Ole Jensen

Søren Jensen

Agnete Kjærsgaard

Lars Møller

Benny Pedersen

Claus E. Petersen

Flemming Petersen

Vagn T. Raun