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To NASDAQ OMX København A/S

Today, the Board of Directors of DLR Kredit A/S approved the Financial Statements for the first half of 2010.

We enclose the Interim Report for DLR Kredit A/S covering the period 1 January – 30 June 2010.

Yours sincerely

DLR Kredit A/S

Bent Andersen
Managing Director and CEO

Jens Kr. A. Møller
Managing Director

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Interim Report H1 2010

Management's Review

H1 2010 in headlines

- **Satisfactory financial results – DKK 254.4m before tax**
- **Continuously increasing loan portfolio**
- **Net lending amounted to DKK 2.3bn**
- **Reduced level of costs**
- **Core earnings reduced by 27 pc compared to H1 2009**
- **Issuing of senior debt covered by government downgrades the expectations for 2010**

Lending activities in H1 2010

At 30 June 2010, total lending at fair value amounted to DKK 133.7bn against DKK 130.6bn at year-end 2009.

In the first half of 2010, net lending amounted to DKK 2.3bn (nominal), a decrease of 57 pc on the corresponding period in 2009. There was a significant but also expected 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 24 pc on agricultural properties and 76 pc on urban trade including co-operative housing properties.

Profit and loss account

Net interest was reduced from DKK 509.8m in H1 2009 to DKK 435.2m in H1 2010, whereas fee and commission income (net) showed expenses of DKK 137.3m in H1 2010 compared with expenses of DKK 121.6m for the corresponding period in 2009.

The decrease in net interest income is primarily attributable to substantial interest expenses on the subordinated debt (government hybrid core capital) raised in 2009, which is only partly offset by increased commission income.

Total costs (staff costs and administrative expenses, depreciation and impairment losses on tangible assets and other operating expenses) showed a decrease in H1 2010 compared to H1 2009 and came to DKK 96.6m (H1 2009: DKK 107.7m).

DLR experienced a positive value adjustment of DKK 104.9m against an income of DKK 69.3m in the corresponding period of 2009. This positive adjustment was primarily caused by the decreasing interest rate level during the first half of 2010.

Provisions for loan and receivable impairment etc. impact the figures for H1 2010 negatively by DKK 61.4m against an expense of DKK 38.3m in H1 2009.

In H1 2010, DLR generated a pre-tax profit of DKK 254.4m against DKK 321.2m in H1 2009.

Tax on the profit for the period has been calculated at DKK 64.3m, resulting in a profit after tax for the period of DKK 190.1m against DKK 240.5m for the corresponding period of 2009. Based on the substantial interest expenses on the subordinated debt (government hybrid core capital), the profit for the period is considered satisfactory.

Balance Sheet

At the end of June 2010, DLR's balance sheet amounted to DKK 137.8bn against DKK 149.3bn at the end of 2009.

Equity

At 30 June 2010, DLR's equity amounted to DKK 6,725.3m against DKK 6,533.9m at the end of 2009.

Solvency

At the end of H1 2010, DLR's capital base amounted to DKK 12,344.1m, while weighted assets have been calculated at DKK 105,075.6m, corresponding to a solvency ratio of 11.7 pc (including profit for the period) at the end of H1 2010.

Capital Structure

At the end of H1 2010, DLR's total subordinated debt amounted to DKK 5,620.9m. This amount consists of hybrid core capital amounting to DKK 791.8m (EUR 100m adjusted for the fair value of interest rate swaps entered into to hedge cash flows on the hybrid core capital) and government hybrid core capital (Banking Package II) of DKK 4,829.1m.

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 H1 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 350-400m. DLR Kredit's outlook has been downgraded compared with the outlook announced in the Annual Report and the Stock Exchange Announcement for 2009, in which we expressed our expectations of core earnings in the interval DKK 400-450m. The downgrading is a consequence of costs in connection with the issuance of government-guaranteed senior debt totalling DKK 7.5bn. The senior debt has been issued to strengthen DLR's preparedness in terms of supplementary security on SDO loans if property prices should fall even further.

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.

Profit and Loss for the period 1 January – 30 June 2010

Note	(DKKm)	H1 2010	H1 2009
1	Interest income	2,238.7	3,177.8
2	Interest expenses	(1,803.5)	(2,668.0)
	Net interest income	435.2	509.8
	Dividends from shares etc.	0.8	1.1
	Fee and commission income	39.4	33.6
	Fee and commission paid	(176.7)	(155.2)
	Net interest and fee income	298.7	389.3
3	Value adjustments	104.9	69.3
	Other operating income	8.8	8.6
4	Staff costs and administrative expenses	(93.4)	(91.6)
11+12	Depreciation and impairment losses, tangible assets	(3.2)	(3.6)
	Other operating expenses	0.0	(12.5)
5	Provisions for loan and receivable impairment etc.	(61.4)	(38.3)
	Profit before tax	254.4	321.2
	Tax	(64.3)	(80.7)
	Profit for the period	190.1	240.5

Balance Sheet at 30 June 2010

Note	(DKKm)	30 June 2010	31 Dec. 2009
Assets			
	Receivables from credit institutions and central banks	2,330.1	8,130.5
7	Loans, advances and other receivables at fair value	133,702.3	130,609.9
7	Loans, advances and other receivables at amortised cost	0.4	0.8
9	Bonds at fair value	1,399.0	9,794.8
10	Shares etc.	41.4	15.7
11	Land and buildings, domicile properties	83.9	85.1
12	Other tangible assets	7.0	6.9
	Current tax assets	10.1	10.1
	Deferred tax assets	2.1	2.6
	Assets temporarily foreclosed	62.2	22.0
13	Other assets	173.9	640.0
	Prepayments	12.1	11.1
	Total assets	137,824.5	149,329.5
Liabilities and equity			
	Payables to credit institutions and central banks	3,100.0	5,000.0
14	Issued bonds at fair value	119,191.9	127,029.3
15	Issued bonds at amortised cost	7.1	7.1
	Current tax liabilities	27.7	0.0
16	Other debt and payables	3,144.3	5,165.0
	Deferred income	5.7	4.9
	Total debt	125,476.7	137,206.3
	Provisions for deferred tax	1.6	1.9
	Total provisions	1.6	1.9
17	Subordinated debt	5,620.9	5,587.4
	Share capital	431.2	431.2
	Revaluation reserve	24.3	24.3
	Undistributable reserve	2,295.4	2,295.4
	Retained earnings	3,974.4	3,783.0
	Total equity	6,725.3	6,533.9
	Total liabilities and equity	137,824.5	149,329.5

Statement of Changes in Equity

(DKKm)	Share capital	Revalu- ation reserve	Undis- tributable reserve	Retained Earnings	Total
Equity at 31.12.2009	431.2	24.3	2,295.4	3,783.0	6,533.9
Foreign exchange adjustments	0.0	0.0	0.0	1.3	1.3
Profit for the period	0.0	0.0	0.0	190.1	190.1
Equity at 30.6.2010	431.2	24.3	2,295.4	3,974.4	6,725.3

The share capital is divided into shares of each DKK 1,00. The number of shares remains unchanged for the period.

Notes to the Financial Statements

Note	(DKKm)	H1 2010	H1 2009
1	Interest income from:		
	Receivables from credit institutions and central banks	29.3	24.9
	Loans and advances	1,723.5	2,764.8
	Administration fees	471.7	371.2
	Bonds	167.9	159.7
	Other interest income	12.5	14.8
	Total interest income	2,404.9	3,335.4
	Interest from own mortgage bonds offset against interest on issued bonds	(166.2)	(157.6)
	Total	2,238.7	3,177.8
	Of which interest income from genuine sale and repurchase transactions recognised as:		
	Receivables from credit institutions and central banks	28.2	0.0
2	Interest expenses for:		
	Credit institutions and central banks	32.9	9.3
	Issued bonds	1,704.5	2,753.1
	Hybrid core capital	6.5	12.4
	Government hybrid core capital	223.6	6.1
	Subordinated debt	0.0	42.9
	Other interest expenses	2.2	1.8
	Total interest expenses	1,969.7	2,825.6
	Interest from own mortgage bonds offset against interest on issued bonds	(166.2)	(157.6)
	Total	1,803.5	2,668.0
	Of which interest expense from genuine sale and repurchase transactions recognised as:		
	Payables from credit institutions and central banks	28.4	0.0
3	Value adjustments of:		
	Mortgage loans	1,159.7	1,021.0
	Bonds	90.0	25.6
	Shares etc.	12.0	0.0
	Other assets	0.1	0.0
	Foreign exchange	7.5	2.1
	Derivate financial instruments	(4.6)	40.5
	Issued bonds	(1,159.8)	(1,019.9)
	Total value adjustments	104.9	69.3

Notes to the Financial Statements

Note	(DKKm)	H1 2010	H1 2009
4	Staff costs and administrative expenses:		
	Salaries and remuneration to the Board of Directors and Executive Board		
	Executive Board	5.7	2.8
	Board of Directors	0.6	0.6
	Total	6.3	3.4
	The company has no pension obligations to the Board of Directors and Executive Board.		
	For H1 2010, remuneration to the members of the Executive Board includes severance pay to a member who resigned during the period.		
	Staff costs		
	Salaries	37.9	37.0
	Pension costs	4.1	3.9
	Social security costs	5.0	5.4
	Total	47.0	46.3
	Other administrative expenses		
	Valuation expenses	7.0	10.3
	Office expenses etc.	19.9	17.9
	Audit, supervision etc.	3.0	4.0
	Other operating costs	10.2	9.7
	Total staff costs and administrative expenses	93.4	91.6
5	Provisions and impairment losses for loan and receivable impairment etc.		
	Impairment losses for the period	(38.7)	(10.1)
	Recovery of debt previously written off	1.0	1.3
	Provisions for the period	(74.3)	(29.5)
	Reversal of provisions	50.6	0.0
	Total provisions and impairment losses for loan and receivable impairment etc.	(61.4)	(38.3)

Notes to the Financial Statements

Note	(DKKm)	30 June 2010	31 Dec. 2009
6	Provisions for loan and receivable impairment etc.		
	Individual provisions		
	Provisions, loans and guarantees, beginning-of-year	257.0	162.6
	Provisions during the period	74.3	94.9
	Reversal of provisions	(50.6)	(0.5)
	Provisions, end-of-period	280.7	257.0
	Group-based provisions		
	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
	Provisions, end-of-period	44.9	44.9
	Total provisions, end-of-period	325.6	301.9
7	Loans and advances		
	Mortgage loans, nominal value	132,290.3	130,413.9
	Adjustment for interest risk etc.	1,456.1	212.5
	Adjustment for credit risk	(255.8)	(237.1)
	Total mortgage loans at fair value	133,490.6	130,389.3
	Arrears and outlays	211.7	220.6
	Other loans and advances	0.4	0.8
	Total loans and advances	133,702.7	130,610.7
	Pursuant to special legislation, a government guarantee of DKK 942.6m has been provided as supplementary security for young farmers' loans.		
	Pursuant to special legislation, a government guarantee of DKK 0.2m has been provided as supplementary security for debt rescheduling loans.		
	A guarantee of DKK 2,071.8m has been provided for advance loans.		
	As supplementary guarantee for mortgage loans, bankers' guarantees of DKK 16,197.9m have been provided.		
8	Mortgage loans (nominal value) by property category, in pc		
	Agricultural properties	63.8	64.6
	Owner-occupied dwellings	6.3	6.3
	Subsidised rental housing properties	0.2	0.2
	Private rental housing properties	13.1	12.8
	Office and business properties	16.1	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
	Total, in pc	100.0	100.0

Notes to the Financial Statements

Note	(DKKm)	30 June 2010	31 Dec. 2009
9	Bonds at fair value		
	- Own mortgage bonds	15,684.9	72,531.9
	- Other mortgage bonds	1,399.0	9,794.8
	- Other bonds (drawn)	65.8	67.5
	Total bonds	17,149.7	82,394.2
	Own mortgage bonds offset against issued bonds	(15,750.7)	(72,599.4)
	Total	1,399.0	9,794.8
10	Shares etc.		
	Other shares	41.4	15.7
	Total shares etc.	41.4	15.7
11	Land and buildings		
	Domicile properties		
	Fair value, beginning-of-year	85.1	87.4
	Additions during the period	0.0	0.0
	Depreciation	(1.2)	(2.3)
	Fair value, end-of-period	83.9	85.1
12	Other tangible assets		
	Cost, beginning-of-year	31.6	32.4
	Additions during the period	2.5	1.8
	Disposals during the period	(1.1)	(2.6)
	Cost, end-of-period	33.0	31.6
	Depreciation, beginning-of-year	24.7	22.1
	Depreciation for the period	2.0	5.0
	Depreciation written back	(0.7)	(2.4)
	Depreciation, end-of-period	26.0	24.7
	Total other tangible assets	7.0	6.9
13	Other assets		
	Positive market value of derivative financial instruments etc.	46.9	31.0
	Other receivables	57.7	136.2
	Interest and commission receivable	69.3	472.8
	Total	173.9	640.0

Notes to the Financial Statements

Note	(DKKm)	30 June 2010	31 Dec. 2009
14	Issued bonds at fair value		
	Mortgage bonds - nominal value	133,469.4	199,537.1
	Fair value adjustment	1,473.2	91.6
	Own mortgage bonds offset – at fair value	(15,750.7)	(72,599.4)
	Mortgage bonds at fair value	119,191.9	127,029.3
	Of which pre-issued	0.0	64,931.0
	Drawn for redemption in next term	1,681.2	1,739.0
15	Issued bonds at amortised cost		
	Employee bonds	7.1	7.1
	Total	7.1	7.1
16	Other debt and payables		
	Negative market value of derivative financial instruments etc.	0.0	12.3
	Interest and commission payable	960.1	310.0
	Lease commitments	0.4	0.6
	Other payables	2,183.8	4,842.1
	Total	3,144.3	5,165.0
17	Subordinated debt		
	Hybrid core capital ¹⁾	791.8	758.3
	Government hybrid core capital ²⁾	4,829.1	4,829.1
	Total subordinated debt	5,620.9	5,587.4
	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 H1 2010, the total hybrid core capital may be included in the capital base. Interest: DKK 6.5m.		
	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 H1 2010, the total government hybrid core capital may be included in the capital base. Interest: DKK 223.6m.		

Notes to the Financial Statements

Note					
18 Financial and operating data and Financial Ratios					
Financial and operating data, DKKm	2010	2009	2008	2007	2006
	H1	H1	H1	H1	H1
Profit and Loss Account					
Net interest and fee income	298.7	389.3	356.9	314.0	286.9
Other operating income etc.	8.8	8.6	8.1	8.1	9.7
Staff costs and administrative expenses	(96.6)	(95.1)	(80.2)	(76.0)	(80.8)
Other operating costs	0.0	(12.5)	(3.4)	(3.1)	(3.0)
Core earnings	210.9	290.3	281.4	243.0	212.8
Provisions for loan and receivable impairment etc.	(61.4)	(38.3)	12.6	12.5	15.2
Value adjustments	104.9	69.3	(125.7)	(45.5)	(35.0)
Profit before tax	254.4	321.3	168.3	210.0	193.0
Profit after tax	190.1	240.5	126.3	161.5	139.5
Balance Sheet at 30 June					
Assets					
Loans and advances	133,702.7	128,428.8	111,561.0	95,545.1	86,428.5
Bonds and shares etc.	1,440.4	15.7	15.7	33.6	12.5
Other assets	2,681.4	6,511.8	4,650.0	3,900.1	4,779.1
Total assets	137,824.5	134,956.3	116,226.7	99,478.8	91,220.1
Liabilities and equity					
Issued bonds	119,199.0	119,433.1	104,583.2	89,341.0	81,774.1
Other debt and payables	6,279.3	4,094.2	3,216.1	2,057.0	1,773.7
Subordinated debt	5,620.9	5,580.2	3,649.3	3,641.9	3,671.0
Equity	6,725.3	5,848.8	4,778.1	4,438.9	4,001.3
Total liabilities and equity	137,824.5	134,956.3	116,226.7	99,478.8	91,220.1
Financial Ratios					
Return on equity (ROE)					
Profit before tax in pc of equity *)	3.8	5.6	3.6	4.8	4.9
Profit after tax in pc of equity *)	2.9	4.2	2.7	3.7	3.5
Costs					
Income/cost ratio *)	2.61	3.20	3.37	4.16	3.81
Income/cost ratio, excl. write-downs for impairment	4.27	4.34	2.86	3.50	3.10
Solvency (incl. profit for the period)					
Solvency ratio, pc *)	11.7	11.2	9.6	10.7	11.7
Core capital ratio, pc *)	11.7	11.1	6.2	6.7	7.1
Losses and arrears					
Arrears, year-end (DKKm)	230.5	251.0	109.4	85.1	45.8
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
Lending activity					
Growth in loan portfolio, pc (nominal) *)	1.4	4.0	7.2	6.5	5.9
New loans, gross (DKKm)	9,477	12,010	13,149	10,137	10,397
Number of new loans	2,041	2,916	3,382	3,289	3,331
Loan/equity ratio *)	19.9	22.0	23.3	21.5	21.7
Margins					
Administrative margin in pc of average loan portfolio	0.36	0.30	0.29	0.31	0.32
Foreign exchange position in pc of core capital after deduct. *)	10.8	8.9	14.6	11.8	9.7

*) 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 – 30 June 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 30 June 2010 and of the results of the Company's operations and cash flows for the period 1 January – 30 June 2010.

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

Copenhagen, 12 August 2010

Executive Board

Bent Andersen
Managing Director, CEO

Jens Kr. A. Møller
Managing Director

Board of Directors

Claus E. Petersen
Chairman

Preben Lund Hansen
Deputy Chairman

Anders Dam

Peter Gæmelke

Vagn Hansen

Tanja Bregninge Itenov

Jens Ole Jensen

Søren Jensen

Agnete Kjærsgaard

Lars Møller

Benny Pedersen

Flemming Petersen

Vagn T. Raun