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To NASDAQ OMX Copenhagen

Today, the Board of Directors of DLR Kredit A/S approved the Financial Statements for the first three quarters of 2012.

We enclose the Interim Report for DLR Kredit A/S covering the period 1 January – 30 September 2012.

Yours sincerely

Bent Andersen
Managing Director and CEO

Jens Kr. A. Møller
Managing Director

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Interim Report Q1-Q3 2012

Management's Review

Q1-Q3 2012 in headlines

- **Satisfactory financial results – DKK 450.4m before tax**
- **Continued satisfactory lending activities**
- **Core earnings improved by 22 pc compared to Q1-Q3 2011**

Profit and loss account

For Q1-Q3 2012, DLR's primary earnings driver – net interest income – which primarily comprises commission income relating to lending as well as return on the securities portfolio amounted to DKK 924.8m. This constitutes an increase of 3.4 pc compared to Q1-Q3 2011 when net interest income came to DKK 894.2m. Net fees and commissions came to an expense of DKK 151.8m for Q1-Q3 2012 against an expense of DKK 245.7m for the same period in 2011.

Compared to Q1-Q3 2011, the net interest income in Q1-Q3 2012 was affected positively by a total of DKK 195.3m resulting from forward transactions in DLR bonds. The forward transactions were in short-term bonds with a coupon rate significantly higher than the YTM; this was the reason behind the realised interest income. Conversely, a negative price adjustment was realised, matching the net interest income. Adjusted for this, an increase in net interest income of DKK 225.9m was realised in Q1-Q3 2012 compared to the corresponding period of 2011.

Total costs (staff costs and administrative expenses as well as depreciation and impairment losses on tangible assets) showed an increase in Q1-Q3 2012 compared to Q1-Q3 2011 and came to DKK 151.6m (Q1-Q3 2011: DKK 141.8m).

In Q1-Q3 2012, DLR experienced a negative value adjustment of DKK 131.2m against an expense of DKK 190.3m in the corresponding period of 2011. This negative adjustment was caused by shorter maturities on the portfolio of short-term bonds with coupon rates exceeding market rates.

Provisions for loan and receivable impairment etc. impact the figures for Q1-Q3 2012 negatively by DKK 54.7m. For Q1-Q3 2011, an expense of DKK 100.2m was recognised.

In Q1-Q3 2012, DLR generated a pre-tax profit of DKK 450.4m against DKK 230.5m in Q1-Q3 2011.

Tax on the profit for the period has been calculated at DKK 113.2m, resulting in a profit after tax for the period of DKK 337.2m against DKK 172.3m for the corresponding period of 2011.

Lending activities in Q1-Q3 2012

Measured at fair value, DLR's total lending amounted to DKK 134.8bn at 30 September 2012.

In Q1-Q3 2012, gross lending amounted to DKK 12.7bn against DKK 7.2bn for Q1-Q3 2011, while net lending amounted to DKK 0.8bn (nominal), an increase of 60 pc on the corresponding period of 2011.

Balance Sheet

At the end of September 2012, DLR's balance sheet amounted to DKK 141.5bn against DKK 154.9bn at the end of 2011.

Equity

DLR's capital base was strengthened at end-July 2012 when DLR's share capital was increased. The capital increase was subscribed by PRAS A/S and contributed cash proceeds of DKK 500.0m to DLR.

At 30 September 2012, DLR's equity amounted to DKK 8,423.3m against DKK 7,586.1m at the end of 2011.

Solvency

At the end of Q1-Q3 2012, DLR's capital base amounted to DKK 13,678.7m, while weighted assets have been calculated at DKK 106,259.0m, corresponding to a solvency ratio of 12.9 pc (including profit for the period) at 30 September 2012.

Capital structure

On 27 August 2012 DLR issued hybrid core capital in the amount of DKK 1,300.0m to PRAS A/S. The proceeds from this issue as well as the proceeds from the above share capital increase were spent to repay government hybrid core capital of DKK 1,674.8m.

At the end of Q1-Q3 2012, DLR's total subordinated debt amounted to DKK 5,257.5m. This amount consists of hybrid core capital amounting to DKK 2,103.2m and government hybrid core capital (Banking Package II) of DKK 3,154.3m.

Risk exposure

DLR's credit risk and market risk are considered limited. This is due to a solid, legal basis as well as 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-Q3 2012, 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.

Rating

On 24 October 2012, Standard & Poor's (S&P) published a AAA long-term rating with a stable outlook and a A-1+ short-term rating of DLR's covered bonds (SDOs) in Capital Centre B. DLR's issuer rating from S&P is BBB+ with a positive outlook.

DLR continues to be in dialogue with S&P with a view to the assigning of the rating of the bonds in DLR's capital centre "DLR in General".

DLR and DLR's bonds have also been rated with Moody's Investors Service. DLR expects to end this rating once the rating of the DLR bonds in "DLR in General" from S&P is available.

Expectations for 2012

For 2012 as a whole, DLR budgets with a profit before provisions and tax in the range of DKK 525-575m. DLR's outlook is unchanged compared with the outlook announced in the Interim Report H1 2012.

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 Copenhagen.

The accounting policies are unchanged as compared with the Annual Report 2011, which may be downloaded from www.dlr.dk.

Profit and Loss for the period 1 January – 30 September 2012

Note	(DKKm)	Q1-Q3 2012	Q1-Q3 2011
1	Interest income	3,447.0	4,808.4
2	Interest expenses	(2,522.2)	(3,914.2)
	Net interest income	924.8	894.2
	Dividends from shares etc.	0.6	0.6
	Fee and commission income	117.6	37.1
	Fee and commission paid	(269.4)	(282.8)
	Net interest and fee income	773.6	649.1
3	Value adjustments	(131.2)	(190.3)
	Other operating income	14.3	13.7
4	Staff costs and administrative expenses	(147.8)	(137.4)
11+12	Depreciation and impairment losses, tangible assets	(3.8)	(4.4)
5	Provisions for loan and receivable impairment etc.	(54.7)	(100.2)
	Profit before tax	450.4	230.5
	Tax	(113.2)	(58.2)
	Profit for the period	337.2	172.3

Statement of Comprehensive Income

Note	(DKKm)	Q1-Q3 2012	Q1-Q3 2011
	Profit for the period	337.2	172.3
	Other comprehensive income after tax	0.0	0.0
	Total comprehensive income for the period	337.2	172.3

Balance Sheet at 30 September 2012

Note	(DKKm)	30 Sept. 2012	31 Dec. 2011
Assets			
	Cash in hand and demand deposits with central banks	68.5	289.2
	Receivables from credit institutions and central banks	3,961.5	12,866.2
7	Loans, advances and other receivables at fair value	134,752.5	133,205.6
7	Loans, advances and other receivables at amortised cost	10.8	5.6
9	Bonds at fair value	2,139.5	7,624.4
10	Shares etc.	55.0	45.0
11	Land and buildings, domicile properties	78.8	80.5
12	Other tangible assets	4.7	5.3
	Deferred tax assets	2.1	2.1
	Assets temporarily foreclosed	123.3	156.3
13	Other assets	295.8	654.1
	Prepayments	10.8	12.1
	Total assets	141,503.3	154,946.4
Liabilities and equity			
	Payables to credit institutions and central banks	0.0	4,512.6
	Deposits and other liabilities	2,442.1	2,421.6
14	Issued bonds at fair value	120,050.6	128,942.1
15	Issued bonds at amortised cost	1,005.6	1,007.1
	Current tax liabilities	102.6	18.7
16	Other debt and payables	4,215.5	4,831.7
	Deferred income	5.8	3.3
	Total debt	127,822.2	141,737.1
	Provisions for deferred tax	0.3	0.7
	Total provisions	0.3	0.7
17	Subordinated debt	5,257.5	5,622.5
	Share capital	505.0	469.9
	Revaluation reserve	24.3	24.3
	Undistributable reserve	2,337.9	2,337.9
	Retained earnings	5,556.1	4,754.0
	Total equity	8,423.3	7,586.1
	Total liabilities and equity	141,503.3	154,946.4

Statement of Changes in Equity

(DKKm)	Share capital	Revalu- ation reserve	Undis- tributable reserve	Retained Earnings	Total
2011:					
Equity at 1.1.2011	455.5	24.3	2,320.5	4,311.7	7,112.0
Capital increase as of 29.12.2011	14.4	0.0	0.0	184.4	198.8
Profit for the period	0.0	0.0	17.4	257.9	275.3
Other comprehensive income after tax	0.0	0.0	0.0	0.0	0.0
Equity at 31.12.2011	469.9	24.3	2,337.9	4,754.0	7,586.1
2012:					
Equity at 1.1.2012	469.9	24.3	2,337.9	4,754.0	7,586.1
Profit for the period	35.1	0.0	0.0	464.9	500.0
Other comprehensive income after tax	0.0	0.0	0.0	337.2	337.2
Equity at 30.9.2012	505.0	24.3	2,337.9	5,556.1	8,423.3

The share capital is divided into shares of each DKK 1.00. The share capital is increased by 35.1m during 2012. DLR Kredit A/S has only one class of shares where all shares carry the same rights.

Notes to the Financial Statements

Note	(DKKm)	Q1-Q3 2012	Q1-Q3 2011
1	Interest income from:		
	Receivables from credit institutions and central banks	22.0	24.9
	Loans and advances	2,437.4	3,743.8
	Administration fees	942.7	792.3
	Bonds	390.7	591.5
	Other interest income	20.5	14.4
	Total interest income	3,813.3	5,166.9
	Interest from own mortgage bonds offset against interest on issued bonds	(366.3)	(358.5)
	Total	3,447.0	4,808.4
2	Interest expenses for:		
	Credit institutions and central banks	2.6	55.6
	Issued bonds	2,462.3	3,782.3
	Hybrid core capital	21.8	10.5
	Government hybrid core capital	322.3	337.3
	State guaranteed senior debt	77.2	86.5
	Other interest expenses	2.3	0.5
	Total interest expenses	2,888.5	4,272.7
	Interest from own mortgage bonds offset against interest on issued bonds	(366.3)	(358.5)
	Total	2,522.2	3,914.2
	Of which interest expense from genuine sale and re-purchase transactions recognised as:		
	Payables to credit institutions and central banks	1.6	54.4
3	Value adjustments of:		
	Mortgage loans	167.3	659.8
	Bonds	(184.7)	(198.0)
	Other assets	0.1	0.1
	Foreign exchange	2.3	(8.7)
	Derivative financial instruments	51.5	15.2
	Issued bonds	(167.7)	(658.7)
	Total value adjustments	(131.2)	(190.3)

Notes to the Financial Statements

Note	(DKKm)	Q1-Q3 2012	Q1-Q3 2011
4	Staff costs and administrative expenses:		
	Salaries and remuneration to the Board of Directors and Executive Board		
	Executive Board	4.5	4.3
	Board of Directors	1.2	1.0
	Total	5.7	5.3
	The company has no pension obligations to the Board of Directors and the Executive Board.		
	Staff costs		
	Salaries	60.0	58.6
	Pension costs	6.5	6.3
	Social security costs	9.4	9.0
	Total	75.9	73.9
	Other administrative expenses		
	Valuation expenses	10.8	9.4
	Office expenses etc.	32.0	27.4
	Audit, supervision etc.	7.8	9.0
	Other operating costs	15.6	12.4
	Total staff costs and administrative expenses	147.8	137.4
5	Provisions and impairment losses for loan and receivable impairment etc.		
	Impairment losses for the period	(69.5)	(84.0)
	Recovery of debt previously written off	1.5	0.3
	Provisions for the period	(125.9)	(136.5)
	Reversal of provisions	139.2	120.0
	Total provisions and impairment losses for loan and receivable impairment etc.	(54.7)	(100.2)

Notes to the Financial Statements

Note	(DKKm)	30 Sept. 2012	31 Dec. 2011
6	Provisions for loan and receivable impairment etc.		
	Individual provisions		
	Provisions, loans and guarantees, beginning-of-year	262.4	235.6
	Provisions during the period	125.9	163.0
	Reversal of provisions	(102.2)	(136.2)
	Provisions, end-of-period	286.1	262.4
	Collective provisions		
	Provisions, loans and guarantees, beginning-of-year	87.5	94.9
	Provisions during the period	0.0	2.3
	Reversal of provisions	(37.0)	(9.7)
	Provisions, end-of-period	50.5	87.5
	Total provisions for loan and receivable impairment etc., end-of-period	336.6	349.8
7	Loans and advances		
	Mortgage loans, nominal value	133.170.3	132.115.5
	Adjustment for interest risk etc.	1.722.1	1.296.6
	Adjustment for credit risk	(313.1)	(328.7)
	Total mortgage loans at fair value	134.579.3	133.083.4
	Arrears and outlays	173.2	122.2
	Other loans and advances	10.8	5.6
	Total loans and advances	134.763.3	133.211.2
	Pursuant to special legislation, a government guarantee of DKK 897.8m has been provided as supplementary security for young farmers' loans.		
	A guarantee of DKK 850.5m has been provided for advance loans.		
	As supplementary guarantee for mortgage loans, bankers' guarantees of DKK 17,321.3m have been provided.		
8	Mortgage loans (nominal value) by property category, in pc		
	Agricultural properties	63.4	63.6
	Owner-occupied dwellings	6.1	6.4
	Subsidised rental housing properties	0.2	0.2
	Private rental housing properties	13.0	12.9
	Office and business properties	16.5	16.4
	Properties for manufacturing and manual industries	0.4	0.4
	Other properties	0.4	0.1
	Total, in pc	100.0	100.0

Notes to the Financial Statements

Note	(DKKm)	30 Sept. 2012	31 Dec. 2011
9	Bonds at fair value		
	- Own mortgage bonds	28,924.0	66,708.3
	- Other mortgage bonds	2,139.5	7,624.4
	- Other bonds	4,083.0	4,064.4
	Total bonds	35,146.5	78,397.1
	Own mortgage bonds offset against issued bonds	(29,007.0)	(66,772.7)
	Own other bonds offset against issued bonds	(4,000.0)	(4,000.0)
	Total	2,139.5	7,624.4
10	Shares etc.		
	Other shares	55.0	45.0
	Total shares etc.	55.0	45.0
11	Land and buildings		
	Domicile properties		
	Fair value, beginning-of-year	80.5	82.8
	Additions during the period	0.0	0.0
	Depreciation	(1.7)	(2.3)
	Fair value, end-of-period	78.8	80.5
12	Other tangible assets		
	Cost, beginning-of-year	34.9	34.7
	Additions during the period	1.7	1.9
	Disposals during the period	(0.4)	(1.7)
	Cost, end-of-period	36.2	34.9
	Depreciation, beginning-of-year	29.6	28.0
	Depreciation for the period	2.0	3.4
	Depreciation written back	(0.1)	(1.8)
	Depreciation, end-of-period	31.5	29.6
	Total other tangible assets	4.7	5.3
13	Other assets		
	Positive market value of derivative financial instruments etc.	61.9	188.3
	Other receivables	134.5	145.2
	Interest and commission receivable	99.4	320.6
	Total	295.8	654.1

Notes to the Financial Statements

Note	(DKKm)	30 Sept. 2012	31 Dec. 2011
14	Issued bonds at fair value		
	Mortgage bonds - nominal value	147,138.3	193,965.2
	Fair value adjustment	1,919.3	1,749.6
	Own mortgage bonds offset – at fair value	(29,007.0)	(66,772.7)
	Mortgage bonds at fair value	120,050.6	128,942.1
	Of which pre-issued	11,601.3	56,862.8
	Drawn for redemption in next term	2,204.6	1,503.8
15	Issued bonds at amortised cost		
	Issued bonds concerning state guaranteed senior debt	5,000.0	5,000.0
	Employee bonds	5.6	7.1
	Issued bonds at amortised cost in total	5,005.6	5,007.1
	Set-off of own other bonds	(4,000.0)	(4,000.0)
	Total	1,005.6	1,007.1
16	Other debt and payables		
	Negative market value of derivative financial instruments etc.	60.6	127.6
	Interest and commission payable	1,165.0	3,084.6
	Other payables	2,989.9	1,619.5
	Total	4,215.5	4,831.7

Notes to the Financial Statements

Note	(DKKm)	30 Sept. 2012	31 Dec. 2011
17	Subordinated debt		
	Hybrid core capital ¹⁾	2,103.2	793.4
	Government hybrid core capital ²⁾	3,154.3	4,829.1
	Total subordinated debt	5,257.5	5,622.5
<p>1) Hybrid core capital in DLR Kredit: EUR 100m raised on 16 September 2005. The loan is perpetual. The loan carries a fixed rate of 4.269 pc p.a. up to 16 September 2015 after which it will carry a floating interest rate pegged to the three-month money market interest rate (EURIBOR) with an addition of 1.95 pc p.a. At 30 September 2012, the total hybrid core capital may be included in the capital base.</p> <p>Interest: DKK 11.0m.</p> <p>DKK 1.300m with prepayment obligation raised on 27 August 2012. The loan is perpetual. The loan carries a floating rate pegged to the six-month money market interest rate (CIBOR) with an addition of 8.25 pc p.a. At 30 September 2012, the total hybrid core capital may be included in the capital base.</p> <p>Interest: DKK 10.8m.</p>			
<p>2) Government hybrid core capital in DLR Kredit: DKK 4,829.1m raised on 26 September 2009. The loan is perpetual, but DLR has the option of prepayment in full or in part as from three years following the establishment. Repayment in full or in part may be effected at a price of 100 in the period 26 September 2012 – 25 September 2014. Repayment in full or in part in the period 26 September 2014 – 25 September 2015 may be effected at a price of 105, whereas the price will be 110 if repayment takes place later than on 25 September 2015. The loan carries a fixed rate of 9.260603 pc p.a. The capital injection is classified in two tranches of DKK 3,154.3m without prepayment right and DKK 1,674.8m with prepayment right, respectively. Tranche 2 of DKK 1,674.8m is repaid on 27 August 2012. At 30 September 2012, the total government hybrid core capital of DKK 3,154.3m may be included in the capital base.</p> <p>Interest: DKK 322.3m. Repayment: DKK 1,674.8m.</p>			

Notes to the Financial Statements

Note					
18 Financial and operating data and financial ratios					
Financial and operating data, DKKm		2012	2011	2010	2009
Profit and Loss Account		Q1-Q3	Q1-Q3	Q1-Q3	Q1-Q3
Net interest and fee income		773.6	649.1	462.2	570.2
Other operating income etc.		14.3	13.7	14.5	12.9
Staff costs and administrative expenses		(151.6)	(141.8)	(142.7)	(139.5)
Other operating costs		0.0	0.0	0.0	(12.5)
Core earnings		636.3	521.0	334.0	431.1
Provisions for loan and receivable impairment etc.		(54.7)	(100.2)	(99.7)	(67.1)
Value adjustments		(131.2)	(190.3)	58.3	78.8
Profit before tax		450.4	230.5	292.6	442.8
Profit after tax		337.2	172.3	218.8	331.7
Balance Sheet at 30 September					
Assets					
Loans and advances		134,763.3	133,252.1	133,610.3	129,948.0
Bonds and shares etc.		2,194.5	2,269.7	1,133.0	15.7
Other assets		4,545.5	8,916.5	3,987.9	4,074.2
Total assets		141,503.3	144,438.3	138,731.2	134,037.9
Liabilities and equity					
Issued bonds		121,056.2	119,060.4	113,995.0	117,879.9
Other debt and payables		6,766.3	12,476.0	12,358.8	4,628.1
Subordinated debt		5,257.5	5,618.5	5,622.9	5,590.2
Equity		8,423.3	7,283.4	6,754.5	5,939.7
Total liabilities and equity		141,503.3	144,438.3	138,731.2	134,037.9
Return on equity (ROE)					
Profit before tax in pc of equity *)		5.6	3.2	4.6	7.7
Profit after tax in pc of equity *)		4.2	2.4	3.4	5.7
Costs					
Income/cost ratio *)		3.18	1.95	2.21	3.02
Income/cost ratio, excl. write-downs for impairment		4.33	3.33	3.75	4.36
Solvency (incl. profit for the period)					
Solvency ratio, pc *)		12.9	12.1	11.8	11.3
Core capital ratio, pc *)		12.9	12.1	11.7	11.3
Losses and arrears					
Arrears, period-end (DKKm)		194.7	187.1	227.0	284.8
Loss and impairment ratio for the period (pc of loan portf.) *)		0.04	0.08	0.07	0.05
Accumulated loss and impairment ratio (pc of loan portfolio)		0.25	0.26	0.26	0.17
Lending activity					
Growth in loan portfolio, pc (nominal) *)		1.5	1.1	1.4	5.0
New loans, gross (DKKm)		12,663	7,215	13,446	17,498
Number of new loans		5,351	2,199	3,011	4,232
Loan/equity ratio *)		16.0	18.3	20.4	21.9
Margins					
Administrative margin in pc of average loan portfolio		0.70	0.59	0.55	0.47
Foreign exchange position in pc of core capital after deduct. *)		7.3	12.6	10.8	8.8

*) 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 September 2012 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 Copenhagen 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 September 2012 and of the results of the Company's operations and cash flows for the period 1 January – 30 September 2012.

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

Copenhagen, 25 October 2012

Executive Board

Bent Andersen
Managing Director, CEO

Jens Kr. A. Møller
Managing Director

Board of Directors

Vagn Hansen
Chairman

Anders Dam
Deputy Chairman

Ole Selch Bak

Peter Gæmelke

Preben Lund Hansen

Tanja Bregninge Itenov

Søren Jensen

Agnete Kjærsgaard

Lars Møller

Torben Nielsen

Benny Pedersen

Jan Pedersen

Lars Petersson