

21 April 2009



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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 quarter of 2009.

We enclose the Interim Report for DLR Kredit A/S covering the period 1 January – 31 March 2009.

Yours sincerely

DLR Kredit A/S

Bent Andersen
Managing Director and CEO

B. Dyreborg-Carlsen
Managing Director

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Interim Report Q1 2009

Management's Review

Q1 2009 in headlines

- **Satisfactory activity level**
- **Net lending amounted to DKK 3.1bn**
- **Continuously low cost level**
- **Improvement in core earnings by nearly 18 pc**
- **Expectations for DLR's profit for 2009 maintained**
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Lending activities in Q1 2009

In Q1 2009 gross lending amounted to DKK 5.3bn, which is a decrease of approximately 25 pc compared to the corresponding period in 2008.

In the first quarter of 2009, net lending amounted to DKK 3.1bn, a decrease of 34 pc on the corresponding period in 2008. Net lending was distributed with 80 pc on agricultural properties and 20 pc on urban trade including co-operative housing properties.

Lending in Q1 2008 was characterized by the fact that loan offers based on traditional mortgage bonds (ROs) made before the end of 2007 would have to be paid out to the borrowers not later than at the end of March 2008. This helps explain the wide variations on gross and net lending during the first three months of 2008 and 2009, respectively.

Profit and loss account

In Q1 2009, DLR generated a pre-tax profit of DKK 170.8m against DKK 151.5m in Q1 2008.

Net interest income rose from DKK 220.7m in Q1 2008 to DKK 253.2m in Q1 2009, whereas fee and commission income (net) showed expenses of DKK 63.3m in Q1 2009 compared with expenses of DKK 58.5m for the corresponding period in 2008.

The increase in net interest income is primarily attributable to increased administration fee income caused by the increasing loan portfolio. At the same time, the decreasing interest rate level has caused that interest expenses for the subordinated loan capital and the hybrid core capital have decreased. However, interest income for receivables from credit institutions has also decreased.

Staff costs and administrative expenses showed an increase in Q1 2009 compared to Q1 2008 and came to DKK 46.9m (Q1 2008: DKK 38.8m). For Q1 2009, depreciation amounted to DKK 1.8m, which is largely at the same level compared to the corresponding period of 2008.

DLR experienced a positive value adjustment of DKK 44.3m against an income of DKK 18.8m in the corresponding period of 2008. This positive adjustment was primarily caused by the decreasing interest rate level in the beginning of 2009.

Provisions for loan and receivable impairment etc. impact the figures for Q1 negatively by DKK 21.4m against an income of DKK 7.0m in Q1 2008.

Tax on the profit for the period has been calculated at DKK 42.7m, resulting in a profit after tax for the period of DKK 128.1m against DKK 113.6m for the corresponding period of 2008.

Balance Sheet

At the end of March 2009, DLR's balance sheet amounted to DKK 130.7bn against DKK 137.6bn at the end of 2008.

At 31 March 2009, total lending amounted to DKK 126.0bn against DKK 121.9bn at year-end 2008.

Equity

At 31 March 2009, DLR's equity amounted to DKK 5,736.5m against DKK 5,608.8m at the end of 2008.

Solvency

At the end of Q1 2009, DLR's capital base amounted to DKK 9,499.7m. After deduction of capitalised tax, the capital base has been calculated at DKK 9,498.0m, while weighted assets have been calculated at DKK 98,102.1m, corresponding to a solvency ratio of 9.7 pc (including profit for the period).

Capital Structure

At the end of Q1 2009, DLR's total subordinated debt amounted to DKK 3,763.2m. This amount consists of hybrid core capital amounting to DKK 784.0m (EUR 100m adjusted for the fair value of interest rate swaps entered into to hedge cash flows on the hybrid core capital) and supplementary capital amounting to DKK 2,979.2m (EUR 400m).

On 6 April 2009, DLR applied for a government capital injection via Banking Package II. The amount applied for has a maximum limit of just below DKK 4.9bn.

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 2009, more than 93 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 2009

For 2009 as a whole, DLR Kredit budgets with core earnings (profit before value adjustments, impairment losses and tax) in the interval of DKK 500-550m. DLR Kredit's outlook is unchanged compared to the outlook announced in the Annual Report and the Stock Exchange Announcement for 2008.

Depending on the specific conditions for a possible government capital injection in DLR, expectations in regard to DLR's core earnings in 2009 may require adjustment. In that event, a company announcement to the effect will be issued, once the final conditions are known.

Due to the weak financial outlook, we expect a moderate increase in DLR's loss rate for 2009.

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 2008, which may be downloaded from www.dlr.dk.

Profit and Loss for the period 1 January – 31 March 2009

Note	(DKKm)	Q1 2009	Q1 2008
1	Interest income	1,601.2	1,423.4
2	Interest expenses	(1,348.0)	(1,202.7)
	Net interest income	253.2	220.7
	Fee and commission income	15.3	14.6
	Fee and commission paid	(78.6)	(73.1)
	Net interest and fee income	189.9	162.2
3	Value adjustments	44.3	18.8
	Other operating income	6.7	4.0
4	Staff costs and administrative expenses	(46.9)	(38.8)
11+12	Depreciation and impairment losses, tangible assets	(1.8)	(1.7)
5	Provisions for loan and receivable impairment etc.	(21.4)	7.0
	Profit before tax	170.8	151.5
	Tax	(42.7)	(37.9)
	Profit for the period	128.1	113.6

Balance Sheet at 31 March 2009

Note	(DKKm)	31 March 2009	31 Dec. 2008
Assets			
	Cash balance	0.0	0.1
	Receivables from credit institutions and central banks	4,405.5	9,224.1
7	Loans, advances and other receivables at fair value	125,978.7	121,922.2
7	Loans, advances and other receivables at amortised cost	0.8	0.7
9	Bonds at fair value	0.0	5,864.3
10	Shares etc.	15.7	15.7
11	Land and buildings, domicile properties	86.8	87.4
12	Other tangible assets	9.1	10.3
	Deferred tax assets	1.8	1.7
	Assets temporarily foreclosed	14.1	0.4
13	Other assets	188.1	447.2
	Prepayments	6.6	7.1
	Total assets	130,706.2	137,581.2
Liabilities and equity			
	Payables to credit institutions and central banks	10.0	1,500.0
14	Issued bonds at fair value	119,032.4	122,444.6
15	Issued bonds at amortised cost	5.1	5.1
	Current tax liabilities	51.3	42.0
16	Other debt and payables	2,104.2	4,244.1
	Deferred income	1.2	0.4
	Total debt	121,204.2	128,236.2
	Provisions for deferred tax	2.3	2.4
	Total provisions	2.3	2.4
17	Subordinated debt	3,763.2	3,733.8
	Share capital	385.5	385.5
	Revaluation reserve	24.3	24.3
	Undistributable reserve	2,261.7	2,261.7
	Retained earnings	3,065.0	2,937.3
	Total equity	5,736.5	5,608.8
	Total liabilities and equity	130,706.2	137,581.2
18	Off-balance sheet items		

Statement of Changes in Equity

(DKKm)	Share capital	Revalu- ation reserve	Undis- tributable reserve	Retained Earnings	Total
Equity at 31.12.2008	385.5	24.3	2,261.7	2,937.3	5,608.8
Foreign exchange adjustments	0.0	0.0	0.0	(0.4)	(0.4)
Profit for the period	0.0	0.0	0.0	128.1	128.1
Equity at 31.3.2009	385.5	24.3	2,261.7	3,065.0	5,736.5

Notes to the Financial Statements

Note	(DKKm)	Q1 2009	Q1 2008
1	Interest income from:		
	Receivables from credit institutions and central banks	15.5	22.5
	Loans and advances	1,395.0	1,230.0
	Administration fees	182.3	162.3
	Bonds	85.2	79.5
	Other interest income	7.2	7.2
	Total interest income	1,685.2	1,501.5
	Interest from own mortgage bonds offset against interest on issued bonds	(84.0)	(78.1)
	Total	1,601.2	1,423.4
2	Interest expenses for:		
	Credit institutions and central banks	7.9	0.4
	Issued bonds	1,389.5	1,227.1
	Subordinated debt	26.8	41.9
	Hybrid core capital	7.5	11.2
	Other interest expenses	0.3	0.2
	Total interest expenses	1,432.0	1,280.8
	Interest from own mortgage bonds offset against interest on issued bonds	(84.0)	(78.1)
	Total	1,348.0	1,202.7
3	Value adjustments of:		
	Mortgage loans	741.2	514.3
	Bonds	3.7	16.1
	Foreign exchange	0.2	0.0
	Derivate financial instruments	40.4	2.5
	Issued bonds	(741.2)	(514.1)
	Total value adjustments	44.3	18.8
4	Staff costs and administrative expenses:		
	Salaries and remuneration to the Board of Directors and Executive Board		
	Executive Board	1.3	1.2
	Board of Directors	0.3	0.3
	Total	1.6	1.5
	The company has no pension obligations to the Board of Directors and Executive Board.		

Notes to the Financial Statements

Note	(DKKm)	Q1 2009	Q1 2008
	<i>(Note 4 Staff costs and administrative expenses, continued)</i>		
	Staff costs		
	Salaries	18.6	17.1
	Pension costs	2.0	1.7
	Social security costs	2.6	2.2
	Total	23.2	21.0
	Other administrative expenses		
	Valuation expenses	4.9	4.7
	Office expenses etc.	9.8	6.9
	Audit, supervision etc.	1.5	0.5
	Other operating costs	5.9	4.2
	Total staff costs and administrative expenses	46.9	38.8
5	Provisions and impairment losses for loan and receivable impairment etc.		
	Impairment losses without previous provisions	(6.8)	(4.1)
	Recovery of debt previously written off	0.5	1.2
	Provisions for the period	(15.6)	0.0
	Reversal of provisions	0.5	9.9
	Total provisions and impairment losses for loan and receivable impairment etc.	(21.4)	7.0
6	Provisions for loan and receivable impairment etc.		
	Individual provisions		
	Provisions, loans and guarantees, beginning-of-year	162.6	175.5
	Provisions during the period	15.6	4.6
	Reversal of provisions	(0.5)	(17.5)
	Provisions, end-of-period	177.7	162.6
	Group-based provisions		
	Provisions, loans and guarantees, beginning-of-year	0.0	0.0
	Provisions during the period	0.0	0.0
	Reversal of provisions	0.0	0.0
	Provisions, end-of-period	0.0	0.0
	Total provisions, end-of-period	177.7	162.6

Notes to the Financial Statements

Note	(DKKm)	31 March 2009	31 Dec. 2008
7	Loans and advances		
	Mortgage loans, nominal value	126,049.1	123,157.0
	Adjustment for interest risk etc.	(101.1)	(1,228.8)
	Adjustment for credit risk	(142.9)	(142.1)
	Total mortgage loans at fair value	125,805.1	121,786.1
	Arrears and outlays	173.6	136.1
	Other loans and advances	0.8	0.7
	Total loans and advances	125,979.5	121,922.9
	<p>Pursuant to special legislation, a government guarantee of DKK 998.1m has been provided as supplementary security for young farmers' loans. Pursuant to special legislation, a government guarantee of DKK 6.1m has been provided as supplementary security for debt rescheduling loans. A guarantee of DKK 3,252.9m has been provided for advance loans. As supplementary guarantee for mortgage loans, bankers' guarantees of DKK 14,377.4m have been provided.</p>		
8	Mortgage loans (nominal value) by property category, in pc		
	Agricultural properties	64.3	64.0
	Owner-occupied dwellings	6.3	6.4
	Subsidised rental housing properties	0.3	0.3
	Private rental housing properties	13.0	13.1
	Office and business properties	15.6	15.6
	Properties for manufacturing and manual industries	0.4	0.5
	Properties for social, cultural and educational purposes	0.0	0.0
	Other properties	0.1	0.1
	Total, in pc	100.0	100.0
9	Bonds at fair value		
	- Own mortgage bonds	7,238.9	49,792.4
	- Other mortgage bonds	0.0	5,864.3
	- Other bonds (drawn)	49.9	37.4
	Total bonds	7,288.8	55,694.1
	Own mortgage bonds offset against issued bonds	(7,288.8)	(49,829.8)
	Total	0.0	5,864.3
10	Shares etc.		
	Other shares	15.7	15.7
	Total shares etc.	15.7	15.7

Notes to the Financial Statements

Note	(DKKm)	31 March 2009	31 Dec. 2008
11	Land and buildings		
	Domicile properties		
	Fair value, beginning-of-year	87.4	89.7
	Additions during the period	0.0	0.0
	Depreciation	(0.6)	(2.3)
	Fair value, period-end	86.8	87.4
12	Other tangible assets		
	Cost, beginning-of-year	32.4	29.5
	Additions during the period	0.1	4.5
	Disposals during the period	(1.3)	(1.6)
	Cost, period-end	31.2	32.4
	Depreciation, beginning-of-year	22.1	18.8
	Depreciation for the period	1.2	4.8
	Depreciation written back	(1.2)	(1.5)
	Depreciation, period-end	22.1	22.1
	Total other tangible assets	9.1	10.3
13	Other assets		
	Positive market value of derivative financial instruments etc.	30.6	50.1
	Other receivables	4.3	77.4
	Interest and commission receivable	153.2	319.7
	Total	188.1	447.2
14	Issued bonds at fair value		
	Mortgage bonds - nominal value	126,221.6	173,482.4
	Fair value adjustment	99.6	(1,208.0)
	Own mortgage bonds offset – at fair value	(7,288.8)	(49,829.8)
	Mortgage bonds at fair value	119,032.4	122,444.6
	Of which pre-issued	0.0	42,364.5
	Drawn for redemption in next term	394.2	270.3
15	Issued bonds at amortised cost		
	Employee bonds	5.1	5.1
	Total	5.1	5.1

Notes to the Financial Statements

Note	(DKKm)	31 March 2009	31 Dec. 2008
16	Other debt and payables		
	Negative market value of derivative financial instruments etc.	0.1	82.0
	Interest and commission payable	1,037.3	222.6
	Lease commitments	0.8	0.9
	Other payables	1,066.0	3,938.6
	Total	2,104.2	4,244.1
17	Subordinated debt		
	Hybrid core capital ¹⁾	784.0	753.7
	Supplementary capital ²⁾	2,979.2	2,980.1
	Total subordinated debt	3,763.2	3,733.8
	<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% 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%. For Q1 2009, the total hybrid core capital may be included in the capital base.</p> <p>Interest: DKK 26.8m.</p>		
	<p>2) Supplementary capital in DLR Kredit: EUR 400m raised on 30 June 2004. Term to maturity 8 years. The loan carries a floating interest rate pegged to the 3-month money market interest rate (EURIBOR) with an addition of 2.10% up to 30 June 2012. For Q1 2009, the total supplementary capital may be included in the capital base.</p> <p>Interest: DKK 7.5m.</p>		
18	Off-balance sheet items		
	Guarantees etc.	1.5	1.5
	Other liabilities	11.9	11.9
	Total off-balance sheet items	13.4	13.4

Notes to the Financial Statements

Note					
19 Financial and operating data and Financial Ratios					
Financial and operating data, DKKm					
	2009	2008	2007	2006	2005
Profit and Loss Account	Q1	Q1	Q1	Q1	Q1
Net interest and fee income	189.9	162.2	160.3	136.9	132.2
Other operating income etc.	6.7	4.0	4.3	3.3	3.3
Staff costs and administrative expenses	(46.9)	(38.8)	(37.3)	(40.7)	(34.8)
Other operating costs	(1.8)	(1.7)	(1.6)	(1.2)	(1.1)
Core earnings	147.9	125.7	125.7	98.3	99.6
Provisions for loan and receivable impairment etc.	(21.4)	7.0	5.5	10.1	(6.5)
Value adjustments	44.3	18.8	(2.9)	3.3	3.7
Profit before tax	170.8	151.5	128.3	111.7	96.8
Profit after tax	128.1	113.6	93.5	81.6	68.2
Balance Sheet at 31 March					
Assets					
Loans and advances	125,979.5	110,606.8	94,161.4	85,064.9	74,898.8
Bonds and shares etc.	15.7	551.1	423.1	14.1	235.8
Other assets	4,711.0	3,415.0	4,063.3	4,837.5	9,466.8
Total assets	130,706.2	114,572.9	98,647.8	89,916.5	84,601.4
Liabilities and equity					
Issued bonds	119,037.5	103,798.6	88,838.3	79,962.4	71,926.1
Other debt and payables	2,169.0	2,305.2	1,744.6	2,271.3	6,345.0
Subordinated debt	3,763.2	3,703.9	3,693.3	3,739.2	2,978.3
Equity	5,736.5	4,765.2	4,371.6	3,943.6	3,352.0
Total liabilities and equity	130,706.2	114,572.9	98,647.8	89,916.5	84,601.4
Financial Ratios					
Return on equity (ROE)					
Profit before tax in pc of equity *)	3.0	3.2	3.0	2.9	2.9
Profit after tax in pc of equity *)	2.3	2.4	2.2	2.1	2.1
Costs					
Costs in pc of loan portfolio	0.04	0.04	0.04	0.05	0.05
Income/cost ratio *)	3.44	5.52	4.85	4.51	3.28
Income/cost ratio, excl. write-downs for impairment	4.94	4.57	4.16	3.42	3.87
Solvency (incl. profit for the period)					
Solvency ratio, pc *)	9.7	9.8	11.0	11.7	10.3
Core capital ratio, pc *)	6.6	6.3	6.9	6.8	5.4
Losses and arrears					
Arrears, year-end (DKKm)	202.0	101.0	77.0	54.3	64.1
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)	0.1	0.1	0.2	0.4	0.5
Lending activity					
Growth in loan portfolio, pc (nominal) *)	2.4	4.3	3.3	3.7	8.2
New loans, gross (DKKm)	5,341	7,051	4,888	5,467	9,197
Number of new loans	1,805	1,953	1,821	2,167	4,088
Loan/equity ratio *)	22.0	23.2	21.5	21.6	22.3
Margins					
Administrative margin in pc of average loan portfolio	0.15	0.15	0.16	0.16	0.16
Foreign exchange position in pc of core capital after deduct. *)	15.5	14.1	11.7	9.9	11.2

*) The financial ratios have been calculated on the basis of the definitions by the Danish 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 2009 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 presentation 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 2009 and of the results of the Company's operations and cash flows for the period 1 January – 31 March 2009.

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

Copenhagen, 21 April 2009

Executive Board

Bent Andersen
Managing Director, CEO

B. Dyreborg-Carlsen
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

Torben Thorup Jensen

Lars Møller

Benny Pedersen

Steen Pedersen

Vagn T. Raun