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DLR Kredit A/S · CVR-nr. 25781309
Nyropsgade 21 · 1780 København V
Tlf. 70 10 00 90 · Fax 33 93 95 00
www.dlr.dk · dlr@dlr.dk

To NASDAQ Copenhagen

Today, the Board of Directors of DLR Kredit A/S approved the Annual Report for 2014.

We enclose the Announcement of Financial Results of DLR Kredit A/S for the period 1 January - 31 December 2014.

Yours sincerely

DLR Kredit A/S

Bent Andersen
Managing Director and CEO

Jens Kr. A. Møller
Managing Director

Michael Jensen
Managing Director

For further information, please contact: Bent Andersen, Managing Director and CEO, phone +45 33 42 07 22 or Jens Kr. A. Møller, Managing Director, phone +45 33 42 07 24.

As from today, DLR Kredit's Annual Report 2014 can be downloaded from www.dlr.dk in PDF format.

Financial Statements 2014

Financial Summary for the period 2010-2014

DKKm	2014	2013	2012	2011	2010
Net interest income	1,564.4	1,449.4	1,238.1	1,241.9	856.6
Net fee income etc.	(172.4)	(220.6)	(189.8)	(298.3)	(277.7)
Value adjustments	(187.8)	(295.8)	(173.7)	(258.7)	32.6
Other operating income	17.9	18.1	19.7	19.0	23.3
Staff costs and administrative expenses	(210.6)	(203.7)	(199.6)	(188.4)	(185.6)
Depreciation on fixed assets	(3.7)	(4.8)	(5.1)	(5.7)	(6.7)
Provisions for loan and receivable impairment etc.	(190.6)	(113.3)	(87.1)	(140.8)	(106.4)
Profit before tax	817.2	629.3	602.5	369.0	336.1
Profit after tax	615.9	470.7	450.7	275.3	251.1
Balance sheet total	157,636.6	146,894.2	148,886.7	154,946.4	144,532.8
Equity					
Share capital	570.0	570.0	534.4	469.9	455.5
Other reserves and transfers to reserves	10,049.0	9,414.3	8,434.4	7,116.2	6,656.5
Total equity	10,619.0	9,984.3	8,968.8	7,586.1	7,112.0
Subordinated debt	2,055.1	3,077.5	5,254.2	5,622.5	5,607.1
Capital base	12,674.1	13,061.8	14,223.0	13,208.6	12,719.1
Solvency ratio	12.3	12.3	13.2	12.2	12.0
Solvency requirement	8.0	8.0	8.0	8.0	8.0
Profit before tax in pc of equity	7.9	6.6	7.3	5.0	4.9
Profit after tax in pc of equity	6.0	5.0	5.4	3.7	3.7
Loss and impairment ratio for the year	0.14	0.08	0.06	0.11	0.08
Costs in pc of loan portfolio	0.16	0.16	0.15	0.15	0.15

Management's Review

The year in headlines

- Satisfactory financial results – DKK 817.2m before tax
- Core earnings improved by 15 pc compared to 2013
- Redemption of government hybrid core capital
- Significant reduction in the volume of F1 loans

Profit and loss account

In 2014, 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 1,564.4m. This constitutes an increase of 7.9 pc compared to 2013 when net interest income came to DKK 1,449.4m. Net fees and commissions came to an expense of DKK 172.4m in 2014 against an expense of DKK 220.6m in 2013.

Total costs (staff costs and administrative expenses as well as depreciation and impairment losses on tangible assets) showed an increase of 2.8 pc for 2014 compared to 2013. The costs amounted to DKK 214.3m and DKK 208.5m, respectively, for the two years.

In 2014, DLR experienced a negative value adjustment of DKK 187.8m against a similar negative value adjustment of DKK 187.8m in 2013. The 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 on the figures for 2014 negatively by DKK 190.6m. For 2013, an expense of DKK 113.3m was recognised. Impairment provisions for 2014 have been particularly impacted by the negative outlook for the agricultural economic trends in 2015. As a consequence of this negative outlook, DLR made a collective provision in 2014 in respect of loans for production agriculture of DKK 165m.

In 2014, DLR generated a pre-tax profit of DKK 817.2m against DKK 629.3m in 2013.

Tax on the profit has been calculated at DKK 201.3m, resulting in a profit after tax of DKK 615.9m against DKK 470.7m for 2013.

Lending activities in 2014

At year-end 2014, total lending measured at fair value amounted to DKK 133.2bn.

In 2014, net lending amounted to a negative DKK 0.8bn (nominal), against a negative DKK 1.2bn in 2013. In 2014, gross lending amounted to DKK 33.2bn, which constitutes an increase of 194 pc compared to 2013. The main reason behind this is the remortgaging of F1 and F2 loans into DLR's new loan product, ARM Short or fixed rate loans.

DLR introduced ARM Short (variable-interest CITA- or CIBOR-based bond loans) in December 2013, and 2014 saw a positive interest from borrowers in this loan type as replacement primarily for F1 loans.

Throughout 2014 DLR has been campaigning towards its borrowers with a view to reducing the portfolio of F1/F2 loans and thus also reducing DLR's remortgaging risk. These campaigns have proved to be quite successful.

Balance Sheet

At the end of December 2014, DLR's balance sheet amounted to DKK 157.6bn against DKK 146.9bn at the end of 2013.

Equity

At the end of the year, DLR's equity amounted to DKK 10,619.0m against DKK 9,984.3m at the end of 2013.

Solvency

At the end of 2014, DLR's capital base amounted to DKK 12,520.6m while the weighted assets have been calculated at DKK 102,092.1m, corresponding to a solvency ratio of 12.3 pc at the end of 2014 (including profit for the year).

Capital Structure

On 21 May 2014 DLR redeemed the remaining DKK 1,000.0m of the government hybrid core capital issued in summer 2009 according to the Danish "Bank Rescue Package II". The redemption was made with the permission of the Danish Financial Supervisory Authority - FSA (Finanstilsynet) using DLR generated funds.

At the end of 2014 DLR's total subordinated debt hereafter amounted to DKK 2,055.1m, stemming from private hybrid core capital. As regards the hybrid core capital of EUR 100m raised in 2005, only 80 pc of this amount can at 31 December 2014 be included in the calculation of DLR's solvency ratio, cf. the EU Capital Requirement Regulation.

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 2014, approximately 90 pc of DLR's total loan portfolio was comprised by loan loss guarantee schemes. The bulk of the loan commitments that are not comprised by guarantees typically have low LTV values.

Outlook for 2015

In spite of the prospect of a general strengthening of the economic trends throughout 2015, the economic conditions for DLR's primary customer groups are not expected to improve.

Particularly for the agricultural sector, considerable uncertainty is attached to the outlook for 2015. As a consequence of factors such as the trade conflict with Russia and sales difficulties in China, agriculture is affected by low selling prices. Against this backdrop, DLR expects an increased level of impairment provisions in respect of loans to the agricultural sector also in 2015.

For small urban trade businesses, particularly outside the large cities, challenges still exist. No prospects indicate that this will change during 2015.

In addition to this, the low interest rate level causes the return on the securities portfolio to continue to be declining.

On these grounds, DLR expects the performance for 2015 to be at a satisfactory level, however somewhat below results for 2014.

Profit and Loss Account and Statement of Comprehensive Income for the period 1 January – 31 December 2014

(DKKm)	2014	2013
Interest income	3,802.5	3,965.0
Interest expenses	(2,238.1)	(2,515.6)
Net interest income	1,564.4	1,449.4
Dividends from shares etc.	0.6	0.6
Fee and commission income	229.1	163.5
Fee and commission paid	(401.5)	(384.1)
Net interest and fee income	1,392.6	1,229.4
Value adjustments	(187.8)	(295.8)
Other operating income	17.3	17.5
Staff costs and administrative expenses	(210.6)	(203.7)
Depreciation and impairment losses, tangible assets	(3.7)	(4.8)
Provisions for loan and receivable impairment etc.	(190.6)	(113.3)
Profit before tax	817.2	629.3
Tax	(201.3)	(158.6)
Profit for the year	615.9	470.7

Statement of Comprehensive Income

(DKKm)	2014	2013
Profit for the year	615.9	470.7
Revaluation of domicile properties	24.1	0.0
Of which tax	(5.3)	0.0
Other comprehensive income after tax	18.8	0.0
Total comprehensive income for the year	634.7	470.7

Balance Sheet at 31 December 2014

(DKKm)	31 Dec. 2014	31 Dec. 2013
Assets		
Cash in hand and demand deposits with central banks	47.6	251.8
Receivables from credit institutions and central banks	14,552.5	3,360.8
Loans, advances and other receivables at fair value	133,198.3	133,892.7
Loans, advances and other receivables at amortised cost	20.3	17.4
Bonds at fair value	9,165.5	8,802.9
Shares etc.	68.0	71.5
Land and buildings, domicile properties	99.2	75.9
Other tangible assets	5.8	6.2
Current tax assets	14.0	0.0
Deferred tax assets	2.5	2.0
Assets temporarily foreclosed	30.8	42.8
Other assets	416.0	353.1
Prepayments	15.9	17.1
Total assets	157,636.6	146,894.2
Liabilities and equity		
Deposits and other debt	2,000.0	0.0
Issued bonds at fair value	132,522.0	125,433.7
Issued bonds at amortised cost	6,002.0	6,003.9
Current tax liabilities	0.0	9.9
Other debt and payables	4,430.4	2,380.5
Deferred income	3.3	4.4
Total debt	144,957.7	133,832.4
Provisions for deferred tax	4.8	0.0
Total provisions	4.8	0.0
Subordinated debt	2,055.1	3,077.5
Share capital	570.0	570.0
Revaluation reserve	48.4	24.3
Undistributable reserve	2,337.9	2,337.9
Retained earnings	7,662.7	7,052.1
Total equity	10,619.0	9,984.3
Total liabilities and equity	157,636.6	146,894.2