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### **DLR Kredit takes up funding via Covered Bonds (SDOs)**

DLR Kredit has decided to issue covered bonds (SDOs) to fund its lending activities. The issuance of SDOs will begin not later than 1 April 2008.

The transition to SDO funding will take place according to the following schedule:

- DLR Kredit will carry through the re-financing of ARM loans as at 2 January 2008 on the basis of mortgage credit bonds issued in December 2007.
- Before the end of 2007, DLR Kredit will carry out a pre-issue of mortgage credit bonds in DLR Kredit's existing mortgage bond series corresponding to the expected gross lending volume in Q1 2008.
- All open mortgage credit bond series will be closed at the end of 2007. This ensures the risk weight of 0.10 for credit institutions.
- The issuing of loan offers based on SDOs will begin not later than 1 April 2008. At the same time, a pre-issue corresponding to the anticipated gross lending volume for a six-month period will be carried out.

DLR Kredit's issuance of SDOs is dependent on DLR Kredit obtaining the approval of the Danish Financial Supervisory Authority of the issuance.

### **Establishment of new capital centre**

Concurrently with the transition to SDO-based funding, a new capital centre will be set up.

It is expected that bonds issued by the new capital centre will obtain a credit rating from Moody's Investors Service, which corresponds to at least the present rating held by the mortgage credit bonds issued by DLR Kredit, i.e. Aa1.

**Balance principle**

DLR Kredit will grant loans and issue bonds in observance of the specific balance principle, cf. the Executive Order on Bond Issuance, Balance Principle and Risk Management.

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Yours sincerely  
**DLR Kredit A/S**