

Interim Report 30 June 2004
Nordea Kredit Realkreditaktieselskab
Business registration number 15134275

- **First half profit of DKK 288m**
- **Growth in lending exceeding DKK 10bn**
- **Total lending of DKK 150bn**
- **Growth in market shares in all areas**

Nordea Kredit Realkreditaktieselskab posted a profit of DKK 288m for the first six months of 2004 compared to DKK 300m for the same period last year. The profit is considered satisfactory and was achieved in a market without waves of refinancings whereas the first half-year of 2003 was characterised by the largest refinancing wave ever.

As a result of the significantly lower interest rates in the first six months of 2004 compared to 2003 the return on investments included under Net interest and fees receivable was just over DKK 25m lower. As in previous years Nordea Kredit assumes only negligible interest rate risks.

Expenses remained largely unchanged.

Loan loss provisions were DKK 1m in the first half of 2004. In the first six months Nordea Kredit repossessed four properties and sold nine properties so that the portfolio of repossessed properties comprised four properties at 30 June 2004.

Lending

In the first half-year lending increased by DKK 10.6bn with total lending of DKK 149.8bn at 30 June 2004.

Loans for residential properties and holiday homes totalled DKK 120.3bn at 30 June 2004 compared to DKK 104.5bn a year ago. Loans for agricultural properties were DKK 17.7bn against DKK 14.7bn at 30 June 2003. Other commercial mortgage lending increased from DKK 8.8bn at 30 June 2003 to DKK 11.8bn, corresponding to an increase of approximately 34%.

Of lending to residential properties interest-only mortgage loans accounted for approximately DKK 13.0bn or 10.8%.

Nordea Kredit's share of the mortgage market continues to increase. In terms of residential properties the market share of lending thus increased from 13.0% at 30 June 2003 to 14.0% at 30 June 2004. On the agricultural side the share was 9.3% at 30 June 2003, while it had risen to 10.4% at 30 June 2004. The share of other commercial mortgage lending also increased, but it still remains at a lower level.

Nordea Kredit – financial summary

Income statement (DKKm)

	2002 Jan- June	2002 July- Dec	2003 Jan- June	2003 July- Dec	2004 Jan- June
Net interest and fees receivable	254	283	375	374	367
Securities and foreign exchange result	4	-6	-1	-10	-5
Profit before expenses	258	277	374	364	362
Other operating income	0	0	0	0	0
Expenses and depreciation	74	70	71	76	73
Other operating expenses	0	0	-	0	-
Loan loss provisions	1	1	3	3	1
Profit on shares in associated and group undertakings	0	0	-	-	-
Operating profit before tax	183	206	300	285	288
Tax	-	0	-	0	-
Profit	183	206	300	285	288

Balance sheet, end of period (DKKm)

Total assets	120,639	140,242	161,478	189,167	174,086
Mortgage loans	108,354	116,139	127,996	139,244	149,844
Bonds	1,386	10,152	5,941	23,454	1,701
Mortgage bonds in issue	111,868	126,282	145,193	162,868	161,483
Shareholders' equity, including profit for the period	5,618	5,824	7,250	7,534	8,573

Ratios and key figures

Total capital ratio, including profit for the period (%)	9.7	9.4	10.7	10.0	10.3
Pre-tax return on equity (%) for the period	3.3	3.6	4.6	3.8	3.6
Income/cost ratio for the period	3.43	3.88	5.08	4.58	4.89
Average number of employees (full-time equivalents)	119	119	120	123	123

The decline in total assets of DKK 15bn is due to issuance in advance for a corresponding amount at year-end to be used in connection with refinancing of adjustable-rate mortgages at 1 January 2004.

Nordea Bank Danmark strengthened Nordea Kredit's capital base at 5 April 2004 by increasing the share capital by DKK 150m subscribed at a price of DKK 500 per share.

As a result Nordea Kredit's total capital resources amounted to DKK 8.28bn at 30 June 2004, excluding the profit for this period.

Outlook for remainder of 2004

Nordea Kredit expects to see continued growth in lending to all customer segments and increasing market shares.

Results for the second half-year are expected to match the interim results for the first half-year.

18 August 2004

Jørn Kristian Jensen
Chairman of the Board of Directors

Palle O Nielsen
Michael Jensen
Executive Management

Income statement

		2002	2002	2003	2003	2004
		Jan-	July-	Jan-	July-	Jan-
DKKm	Note	June	Dec	June	Dec	June
Interest receivable	1	3,558	3,788	4,041	4,077	3,990
Interest payable	2	3,166	3,363	3,604	3,619	3,522
Net interest income		392	425	438	457	467
Dividend income		0	-	1	-	1
Fees and commissions receivable		68	85	154	126	117
Fees and commissions payable	3	207	226	218	209	219
Net interest and fees receivable		254	283	375	374	367
Securities and foreign exchange result	4	4	-6	-1	-10	-5
Other operating income		0	0	0	0	0
Staff and administrative expenses	5	74	70	70	75	73
Amortisation, depreciation and write-down of intangible and tangible assets		1	0	1	0	1
Other operating expenses		0	0	-	0	-
Loan loss provisions		1	1	3	3	1
Profit on shares in associated and group undertakings	6	0	0	-	-	-
Operating profit before tax		183	206	300	285	288
Tax	7	-	0	-	0	-
Profit		183	206	300	285	288

Balance sheet, end of period

DKKm	Note	2002 Jan- June	2002 July- Dec	2003 Jan- June	2003 July- Dec	2004 Jan- June
ASSETS						
Cash in hand and balances at call due from central banks		0	5	0	0	0
Balances due from credit institutions and central banks		10,688	12,588	26,871	25,305	22,236
Loans		108,384	116,250	128,234	139,384	149,994
Mortgage loans	8	108,354	116,139	127,996	139,244	149,844
Other loans	9	30	111	237	140	150
Bonds		1,386	10,152	5,941	23,454	1,701
Shares etc		6	3	5	3	3
Shares in associated undertakings		-	-	-	2	2
Tangible assets		5	6	5	6	5
Other assets	10	169	1,239	422	1,013	146
Total assets		120,639	140,242	161,478	189,167	174,086
LIABILITIES						
Balances due to credit institutions and central banks		1,251	4,795	6,633	15,347	1,726
Mortgage bonds in issue		111,868	126,282	145,193	162,868	161,483
Other liabilities	11	1,900	3,338	2,399	3,412	2,303
Deferred income		2	3	2	6	2
Shareholders' equity						
Share capital	12	1,063	1,063	1,288	1,288	1,438
Share premium account		2,721	2,721	3,621	3,621	4,221
Reserves		-	-	-	-	-
Other reserves		-	-	-	-	-
Profit retained in previous years		1,651	1,651	2,040	2,040	2,625
Profit for the period after tax		183	389	300	585	288
Total shareholders' equity		5,618	5,824	7,250	7,534	8,573
Total liabilities		120,639	140,242	161,478	189,167	174,086
Off-balance-sheet items						
Contingent liabilities:						
Other guarantees		0	0	0	0	0
Total off-balance-sheet items		0	0	0	0	0

Notes

	2002	2002	2003	2003	2004
DKK m	Jan- June	July- Dec	Jan- June	July- Dec	Jan- June
Note 1 Interest receivable on:					
Balances due from credit institutions and central banks	169	160	234	159	148
Loans	3,096	3,303	3,452	3,514	3,461
Reserve fund fees	265	286	308	338	362
Total bonds	17	24	18	59	1
- Own mortgage bonds	16	15	4	46	1
- Other mortgage bonds	1	9	14	13	0
- Government bonds	0	-	-	-	-
- Other bonds	-	-	-	-	-
Total derivatives	6	7	23	0	13
- Foreign exchange derivatives	0	0	-	-	-
- Interest rate derivatives	6	7	23	0	13
Other interest receivable	6	7	7	7	6
Total	3,558	3,788	4,041	4,077	3,990
Of which interest receivable on purchase and resale transactions entered under:					
Balances due from credit institutions and central banks	165	157	230	156	143
Note 2 Interest payable to:					
Credit institutions and central banks	14	48	71	43	23
Mortgage bonds in issue	3,152	3,315	3,533	3,576	3,499
Other interest payable	0	0	0	-	-
Total	3,166	3,363	3,604	3,619	3,522
Of which interest payable on sale and repurchase transactions entered under:					
Balances due to credit institutions and central banks	3	35	67	42	23
Note 3 Fees and commissions payable					
Guarantee commissions etc payable to Nordea Bank Danmark A/S	166	178	132	143	152
Brokerage payable to Nordea Bank Danmark A/S	19	25	49	36	34
Other fees and commissions payable	22	23	37	30	33
Total	207	226	218	209	219
Note 4 Revaluation/translation adjustment of:					
Total bonds	5	-3	9	-46	-5
- Own mortgage bonds	4	-1	1	-23	-5
- Other mortgage bonds	-1	-1	7	-22	0
- Government bonds	1	-	-	-	-
- Other bonds	-	-	-	-	-
Shares etc	2	-3	2	-2	0
Currencies	0	0	0	0	0
Total derivatives	-3	0	-11	37	-
- Foreign exchange derivatives	0	-	0	0	-
- Interest rate derivatives	-3	0	-11	37	-
Total	4	-6	-1	-10	-5

Notes

	2002	2002	2003	2003	2004
DKKm	Jan- June	July- Dec	Jan- June	July- Dec	Jan- June
Note 5 Staff and administrative expenses					
Salaries and emoluments to the Executive Management and the Board of Directors					
Executive Management	5	1	2	1	2
Board of Directors	-	0	-	0	-
Total	5	1	2	1	2
Staff costs					
Salaries	24	24	27	28	29
Pension costs	2	2	2	3	2
Social security contributions	4	3	4	3	4
Total	30	29	33	33	35
Other administrative expenses	39	38	36	40	36
Total	74	70	70	75	73
Note 6 Profit on shares in associated and group undertakings					
Profit on shares in associated and group undertakings	0	0	-	-	-
Total	0	0	-	-	-
Note 7 Tax					
Nordea Kredit is taxed on a pooled basis with Nordea Bank Danmark A/S. As a result, Nordea Kredit is jointly and severally liable for the total tax liability in respect of the pooled income. The item includes tax on loan loss provisions.					
Note 8 Mortgage loans					
Mortgage loan portfolio, beginning of period	100,013	108,354	116,139	127,996	139,244
New loans (gross new lending)	17,382	21,299	40,429	31,464	30,402
Currency translation adjustment	3	-8	-6	18	-7
Redemptions and prepayments	7,942	12,312	27,173	18,880	18,253
Net new lending	9,443	8,979	13,251	12,602	12,142
Scheduled principal payments	1,099	1,194	1,390	1,352	1,536
Mortgage loan portfolio, end of period	108,357	116,139	127,999	139,247	149,850
Reclassification of loans relating to temporarily repossessed properties	2	0	0	-	-
Write-down of loans	1	0	3	3	6
Total	108,354	116,139	127,996	139,244	149,844
Note 9 Past due loan payments in respect of non-repossessed properties					
Mortgage arrears	27	108	232	125	129
Execution levied against debtors' properties	0	0	2	13	14
Write-downs on past due loan payments	-	-	-	-	-
Total	* 27	108	234	138	143
Mortgage arrears mid following month	12	13	17	16	14

*) Different technical computation

Notes

		2002	2002	2003	2003	2004
		Jan-	July-	Jan-	July-	Jan-
DKK m		June	Dec	June	Dec	June
Note 10	Other assets					
	Positive market value of derivatives	39	81	152	98	-
	Interest receivable on mortgage loans etc included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	59	644	33	171	7
	Interest receivable on bonds etc	63	371	81	625	43
	Other	8	143	156	119	97
	Total	169	1,239	422	1,013	146
Note 11	Other liabilities					
	Negative market value of derivatives	1	81	152	98	-
	Interest payable on mortgage bonds in issue included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	1,848	3,136	2,204	3,274	2,249
	Other interest and commissions payable	2	69	1	0	0
	Other liabilities	50	52	43	40	54
	Total	1,900	3,338	2,399	3,412	2,303

Note 12 **Share capital**

The company's share capital consists of 14,382,500 shares of DKK 100 each. Nordea Bank Danmark A/S, PO Box 850, DK-0900 Copenhagen C, holds all shares in the company (see section 28(a) of the Danish Companies Act).

		2000	2001	Jan-June 2002	2003	2004
Note 13	The Danish Financial Supervisory Authority's ratio system					
	Total capital ratio, excluding the profit for the period	10.5	10.1	9.4	10.2	10.3
	Tier 1 capital ratio	10.5	10.1	9.4	10.2	10.3
	Pre-tax return on equity for the period (%)	2.6	3.7	3.3	4.6	3.6
	Post-tax return on equity for the period (%)	2.6	3.7	3.3	4.6	3.6
	Income/cost ratio	3.06	3.77	3.43	5.08	4.89
	Foreign exchange exposure as % of tier 1 capital	1.1	0.0	0.2	0.1	0.1
	Accumulated provision ratio	0.0	0.0	0.0	0.0	0.0
	Provision ratio for the period	0.0	0.0	0.0	0.0	0.0
	Lending growth for the period (%)	3.6	6.4	8.3	10.3	7.6
	Loans/shareholders' equity	17.2	17.7	19.3	17.7	17.5

Note 14 **Accounting policies**

No changes have been made to the accounting policies applied in the most recent annual accounts of Nordea Kredit.

The interim accounts of Nordea Kredit Realkreditaktieselskab have been prepared in accordance with the accounting legislation and the guidelines applicable to Danish mortgage institutions and generally accepted accounting principles.