



Interim Report 30 June 2006
Nordea Kredit Realkreditaktieselskab
Business registration number 15134275

- **First half profit of DKK 397m**
- **Growth in lending still at a high level**
- **Total lending exceeding DKK 200bn**
- **Market share continues to increase**

Results

Nordea Kredit posted a profit of DKK 397m for the first six months of 2006 compared to DKK 358m for the same period last year. The profit is satisfactory in light of the dampened activity in the mortgage market in the first half of 2006.

Expenses are at the same level as in the first half-year of 2005, but lower than in the second half-year of 2005.

Loan loss provisions were DKK 4m in the first half of 2006. In the first six months Nordea Kredit repossessed two properties and sold one property so that the portfolio of repossessed properties comprised one property at 30 June 2006.

Lending

In the first half-year lending increased by DKK 17bn measured at nominal value and total lending amounted to DKK 207bn – also measured at nominal value at 30 June 2006.

Measured at fair value total mortgage lending is DKK 9.4bn lower due to interest rate increases during

the period. The increase in lending exceeds expectations.

Loans for residential properties and holiday homes totalled DKK 161.4bn (nominal value) at 30 June 2006 compared to DKK 136.6bn a year ago. Loans for agricultural properties increased from DKK 20.2bn a year ago to DKK 23.7bn at 30 June 2006, while other commercial mortgage lending was DKK 22.3bn at 30 June 2006 against DKK 16.4bn at the same time last year.

Nordea Kredit's share of the mortgage market continues to increase. For residential properties the market share of lending thus increased from 14.6% at 30 June 2005 to 15.0% at 31 March 2006. On the agricultural side the share increased from 11.2% to 12.0% in the same period. The market share of other commercial mortgage lending rose significantly, but it still remains at a lower level. Market shares are also expected to increase in the second quarter of 2006, but sector figures are not yet available. At 31 March 2006 Nordea Kredit's share of total mortgage lending in Denmark was 11.5% compared to 10.7% a year ago.

Nordea Kredit – financial summary

	2002 Jan- June	2003 Jan- June	2004 Jan- June	2005 Jan- June	2005 July- Dec	2006 Jan- June
Income statement (DKKm)						
Net interest and fee income	254	375	367	475	547	494
Securities and foreign exchange income	4	-1	-5	-30	-14	-3
Staff costs and administrative expenses	74	70	73	87	91	89
Loan losses	1	3	1	0	2	4
Profit on shares in associated and group undertakings	0	-	-	-	-	-
Profit for the period before tax	183	300	288	358	439	397
Profit for the period after tax	183	300	288	358	216	286
Balance sheet, end of period (DKKm)						
Total assets	120,639	161,478	174,086	210,499	208,499	217,365
Total loans	108,384	128,234	149,994	175,638	190,050	198,139
Mortgage loans at nominal value	108,354	127,996	149,844	173,192	190,843	207,358
Shareholders' equity	5,618	7,250	8,573	9,259	10,225	10,512
Ratios and key figures						
Total capital ratio, including profit for the period (%)	9.7	10.7	10.3	9.8	9.9	9.5
Tier 1 capital ratio, including profit for the period (%)	9.7	10.7	10.3	9.8	9.9	9.5
Pre-tax return on equity for the period (%)	3.3	4.6	3.6	3.9	4.5	3.8
Post-tax return on equity for the period (%)	3.3	4.6	3.6	3.9	2.2	2.8
Income/cost ratio for the period	3.43	5.08	4.89	5.16	5.67	5.23
Foreign exchange exposure as % of tier 1 capital	0.2	0.1	0.1	0.1	0.0	0.2
Loans/shareholders' equity	19.3	17.7	17.5	19.0	18.6	18.8
Lending growth for the period (%)	8.3	10.3	7.6	9.4	8.7	8.7
Impairment ratio for the period (%)	0.0	0.0	0.0	0.0	0.0	0.0
Average number of employees	119	120	123	129	130	132

Ratios and key figures have been computed in accordance with the Danish Financial Supervisory Authority's definitions.

New product

In March 2006 Nordea Kredit launched mortgage loans based on the CIBOR 6-month rate targeted at the corporate segments.

Outlook for remainder of 2006

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 be in line with the first half-year.

Copenhagen,
19 July 2006

Jørn Kristian Jensen
Chairman of the Board of Directors

Palle O. Nielsen
Michael Jensen
Executive Management

Income statement

DKK m	Note	2005 Jan- June	2006 Jan- June
Interest income	1	4,609	4,498
Interest expense	2	4,036	3,841
Net interest income		573	657
Dividend income		1	1
Fee and commission income		179	110
Fee and commission expense	3	278	275
Net interest and fee income		475	494
Securities and foreign exchange income	4	-30	-3
Other operating income		0	0
Staff costs and administrative expenses	5	87	89
Amortisation, depreciation and impairment charges of intangible and tangible assets		0	1
Loan losses		0	4
Profit on shares in associated and group undertakings	6	-	-
Profit before tax		358	397
Tax	7	-	111
Profit for the period		358	286

Balance sheet, end of period

DKKm	Note	30 June 2005	31 Dec 2005	30 June 2006
ASSETS				
Cash and balances with central banks		0	0	0
Balances due from credit institutions and central banks		34,577	7,991	18,994
Loans and receivables at fair value	8,9,10	175,630	190,044	198,133
Loans and receivables at amortised cost		7	7	6
Bonds at fair value		-	9,842	-
Shares etc		5	6	5
Shares in associated undertakings		0	0	0
Intangible assets		14	21	27
Other tangible assets		2	4	5
Temporarily repossessed assets	11	3	1	1
Other assets	12	261	583	194
Total assets		210,499	208,499	217,365
LIABILITIES AND EQUITY				
Liabilities				
Balances due to credit institutions and central banks		6,059	10,943	3,391
Mortgage bonds in issue		192,226	183,804	200,500
Current tax liabilities		-	217	328
Other liabilities	13	2,928	3,296	2,626
Deferred income		27	9	3
Total liabilities		201,240	198,269	206,848
Provisions				
Provisions for deferred tax		-	5	5
Total provisions		-	5	5
Equity				
Share capital	15	1,438	1,563	1,563
Share premium account		-	-	-
Retained earnings		7,463	8,088	8,662
Profit for the period after tax		358	575	286
Total equity		9,259	10,225	10,512
Total liabilities and equity		210,499	208,499	217,365
Off-balance-sheet items				
Contingent liabilities		0	0	0
Total off-balance-sheet items		0	0	0

Notes

DKK m		2005 Jan- June	2006 Jan- June
Note 1	Interest income on:		
	Balances due from credit institutions and central banks	216	211
	Loans	3,908	3,778
	Administration fees	415	491
	Total bonds	11	1
	Total derivatives	52	12
	- Foreign exchange derivatives	-	-
	- Interest rate derivatives	52	12
	Other interest income	7	5
	Total	4,609	4,498
	Of which interest income on purchase and resale transactions entered under:		
	Balances due from credit institutions and central banks	201	206
Note 2	Interest expense to:		
	Credit institutions and central banks	51	35
	Mortgage bonds in issue	3,985	3,806
	Total	4,036	3,841
	Of which interest expense on sale and repurchase transactions entered under:		
	Balances due to credit institutions and central banks	50	33
Note 3	Fee and commission expense:		
	Guarantee commissions etc to Nordea Bank Danmark A/S	179	213
	Brokerage to Nordea Bank Danmark A/S	55	33
	Other fees and commissions	44	29
	Total	278	275
Note 4	Securities and foreign exchange income:		
	Mortgage loans	2,295	-7,161
	Bonds	-8	-1
	Shares etc	0	-1
	Currencies	0	0
	Total derivatives	-22	-
	- Foreign exchange derivatives	-	-
	- Interest rate derivatives	-22	-
	Mortgage bonds in issue	-2,295	7,160
	Total	-30	-3

Notes

DKK m		2005 Jan- June	2006 Jan- June
Note 5	Staff costs and administrative expenses		
	Salaries and emoluments to the Executive Management and the Board of Directors		
	Executive Management	2	2
	Board of Directors	-	-
	Total	2	2
	Staff costs		
	Salaries	31	31
	Pension costs	2	2
	Social security contributions	5	5
	Total	38	38
	Other administrative expenses	47	49
	Total	87	89
Note 6	Profit on shares in associated and group undertakings		
	Profit on shares in associated and group undertakings	-	-
	Total	-	-
	Realkreditnettet Holding A/S, Copenhagen. Services to the mortgage sector, among others. Shareholding of 20.25%.		
Note 7	Tax		
	As from the accounting period 2005 the company is jointly and severally liable for that part of the tax of the jointly taxed income concerning Nordea Kredit until payment to the management company in the Nordea Group has taken place.		
	The company has a liability for deferred tax computed on the basis of the company's own financial statements and own tax circumstances. Tax on the profit for the period amounted to DKK 111 m. The item includes tax on loan losses.		
		30 June 2005	31 Dec 2005
			30 June 2006
Note 8	Loans and receivables		
	Mortgage loan portfolio, beginning of period		
	– nominal value	159,345	190,847
	New loans (gross new lending)	49,787	31,829
	Currency translation adjustment	10	-1
	Redemptions and prepayments	34,640	13,447
	Net new lending	15,157	18,381
	Scheduled principal payments	1,305	1,861
	Mortgage loan portfolio, end of period - nominal value	173,197	190,847
	Reclassification of loans relating to temporarily repossessed properties	-	1
	Mortgage loan portfolio – nominal value	173,197	190,846
	Adjustment for interest rate risk etc	2,295	-927
	Adjustment for credit risk	-4	-4
	Total – fair value	175,487	189,915
	Mortgage arrears and execution levied against debtors' properties	143	129
	Loans and receivables at fair value	175,630	190,044
			197,994

Notes

DKKm	30 June 2005	31 Dec 2005	30 June 2006
Note 9 Provisions for individually assessed loans			
Accumulated provisions, beginning of period	6	6	4
Movements during the year:			
-Provisions and value adjustment during the year	1	2	7
-Reversals of provisions made in previous financial years	2	2	3
-Previous provisions now written off	1	2	0
Total	4	4	8
Note 10 Provisions for groups of significant loans			
Accumulated provisions, beginning of period	-	-	-
Movements during the year:			
-Provisions and value adjustment during the year	-	-	-
-Reversals of provisions made in previous financial years	-	-	-
-Previous provisions now written off	-	-	-
Total	-	-	-
Note 11 Provisions for other balances due from credit institutions and other items with credit risk			
Accumulated provisions, beginning of period	0	0	1
Movements during the year:			
-Provisions and value adjustment during the year	0	1	0
-Reversals of provisions made in previous financial years	0	0	1
-Previous provisions now written off	0	0	0
Total	0	1	0
Note 12 Other assets			
Positive market value of derivatives	0	0	-
Interest receivable on mortgage loans etc included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	121	168	137
Interest receivable on bonds etc	87	377	56
Other	53	37	1
Total	261	583	194
Note 13 Other liabilities			
Negative market value of derivatives	0	-	-
Interest payable on mortgage bonds in issue included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	2,854	3,098	2,562
Other interest and commissions payable	31	36	37
Other liabilities	43	162	27
Total	2,928	3,296	2,626

Notes

DKK m	30 June 2005	31 Dec 2005	30 June 2006
Note 14 Equity			
Share capital, beginning of period	1,438	1,438	1,563
Increase of share capital	-	125	-
Share capital, end of period	1,438	1,563	1,563
Share premium account, beginning of period	4,221	4,221	-
Increase of share capital	-	-	-
Other disposals	-4,221	-4,221	-
Share premium account, end of period	-	-	-
Retained earnings, beginning of period	3,241	3,241	8,662
Change in accounting policies	-	0	-
Increase of share capital	-	625	-
Other additions	4,221	4,221	-
Profit for the period	358	575	286
Retained earnings, end of period	7,821	8,663	8,948
Total equity, end of period	9,259	10,225	10,512

Note 15 Share capital

The company's share capital consists of 15,632,500 shares of DKK 100 each. Nordea Bank Danmark A/S, PO Box 850, DK-0900 Copenhagen C, holds all shares in the company. The parent company of the Nordea Group is Nordea Bank AB (publ), Hamngatan 10, 105 71 Stockholm, Sweden.

Note 16 Accounting policies

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

The interim report of Nordea Kredit has been prepared in accordance with the Danish Financial Business Act, the Executive Order on financial reports for credit institutions and investment companies etc (the Executive Order), the Copenhagen Stock Exchange's disclosure rules and generally accepted accounting principles.