



Interim Report 30 June 2007
Nordea Kredit Realkreditaktieselskab
Business registration number 15134275

- **First half profit of DKK 521m before tax – best ever**
- **Growth in lending still at a high level**
- **Total lending of just under DKK 235bn**
- **Market shares continue to increase**
- **Income/cost ratio continues to rise**

Results

Nordea Kredit posted a profit of DKK 521m before tax for the first six months of 2007 compared to DKK 397m in the same period last year. The profit, which is the best ever, is satisfactory in light of the dampened activity in the mortgage market in the first half of 2007.

The income/cost ratio continues to rise and is now DKK 6.69. The reason is that Nordea Kredit has succeeded in increasing income concurrently with costs in the first half of 2007 being marginally lower than in the corresponding period last year.

Loan loss provisions were DKK 0.7m compared to DKK 4m in the first half of 2006. In the first six months Nordea Kredit did not repossess any properties and sold one property so that the portfolio of repossessed properties did not comprise any properties at 30 June 2007.

Lending

In the first half-year lending increased by DKK 15bn measured at nominal value and total lending amounted

to just under DKK 235bn at 30 June 2007– also measured at nominal value.

The increase in lending is in line with expectations although activities in the form of number of loan cases is below the expected level.

Loans for residential properties and holiday homes totalled DKK 179.9bn (nominal value) at 30 June 2007 compared to DKK 161.4bn a year ago. Loans for agricultural properties increased from DKK 23.7bn a year ago to DKK 27.7bn at 30 June 2007.

Other commercial property lending was DKK 27.2bn – an increase of approximately DKK 5bn during the past year.

Nordea Kredit's share of the mortgage market continues to increase. Hence, total lending by Nordea Kredit accounted for 12.0% of total mortgage lending in Denmark at the end of the first quarter of 2007 compared to 11.5% in the same period last year. Sector figures for the second quarter of 2007 are not yet

Nordea Kredit – financial summary

	2003 Jan- June	2004 Jan- June	2005 Jan- June	2006 Jan- June	2006 July- Dec	2007 Jan- June
Income statement (DKKm)						
Net interest and fee income	375	367	475	494	549	596
Securities and foreign exchange income	-1	-5	-30	-3	29	-2
Staff costs and administrative expenses	70	73	87	89	94	88
Loan losses	3	1	0	4	1	-1
Profit on shares in associated and group undertakings	-	-	-	-	0	19
Profit for the period before tax	300	288	358	397	483	521
Profit for the period after tax	300	288	358	286	347	392
Balance sheet, end of period (DKKm)						
Total assets	161,478	174,086	210,499	217,365	218,442	244,258
Total loans	128,234	149,994	175,638	198,139	215,484	221,901
Mortgage loans at nominal value	127,996	149,844	173,192	207,358	221,791	234,738
Shareholders' equity	7,250	8,573	9,259	10,512	11,858	12,250
Ratios and key figures						
Total capital ratio, excluding profit for the period (%)	10.7	10.3	9.8	9.5	10.1	10.5
Tier 1 capital ratio, excluding profit for the period (%)	10.7	10.3	9.8	9.5	10.1	10.5
Pre-tax return on equity for the period (%)	4.6	3.6	3.9	3.8	4.1	4.3
Post-tax return on equity for the period (%)	4.6	3.6	3.9	2.8	2.9	3.3
Income/cost ratio for the period	5.08	4.89	5.16	5.23	6.05	6.69
Foreign exchange exposure as % of tier 1 capital	0.1	0.1	0.1	0.2	0.1	0.2
Loans/shareholders' equity	17.7	17.5	19.0	18.8	18.2	18.1
Lending growth for the period (%)	10.3	7.6	9.4	8.7	7.0	5.8
Impairment ratio for the period (%)	0.0	0.0	0.0	0.0	0.0	0.0
Average number of employees	120	123	129	132	131	127

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

available, but Nordea Kredit's market share is also expected to have increased in the second quarter.

For residential properties the market share increased from 15.0% at 31 March 2006 to 15.4% at the end of the first quarter of 2007. On the agricultural side the share increased from 12.0% to 13.0% in the same period, while the market share of other commercial mortgage lending rose significantly, but it still remains at a lower level.

Covered bonds

The draft legislation L 199 on covered bonds was adopted by the Danish parliament taking effect from 1 July 2007. The legislation allows mortgage institutions

to issue covered mortgage bonds and covered bonds to fund lending while it will still be possible to issue traditional mortgage bonds.

Nordea Kredit will take advantage of the new possibilities to provide a broader product range to the benefit of customers, commencing in the autumn.

Outlook for remainder of 2007

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.

Statement by the Board of Directors and the Executive Management

We have today presented the interim report of Nordea Kredit Realkreditaktieselskab.

The interim report has been presented in accordance with the Danish Financial Business Act. We consider the accounting policies applied appropriate so that the interim report gives a true and fair view of the company's assets and liabilities, financial position at 30 June 2007 and of the results of the company's operations for the half-year ending 30 June 2007.

Copenhagen, 19 July 2007

Board of Directors

Jørn Kr. Jensen
(Chairman)

Michael Rasmussen
(Deputy Chairman)

Peter Lybecker

Jørgen Holm Jensen

Jesper Christiansen

Executive Management

Palle O. Nielsen
(Chairman)

Michael Jensen

Income statement

DKKm	Note	2006 Jan- June	2007 Jan- June
Interest income	1	4,498	6,603
Interest expense	2	3,841	5,204
Net interest income		657	799
Dividend income		1	2
Fee and commission income		110	87
Fee and commission expense	3	275	293
Net interest and fee income		494	596
Securities and foreign exchange income	4	-3	-2
Other operating income		0	0
Staff costs and administrative expenses	5	89	88
Amortisation, depreciation and impairment charges of intangible and tangible assets		1	4
Loan losses		4	-1
Profit on shares in associated and group undertakings	6	-	19
Profit before tax		397	521
Tax	7	111	129
Profit for the period		286	392

Balance sheet, end of period

DKKm	Note	30 June 2006	31 Dec 2006	30 June 2007
Assets				
Cash and balances with central banks		0	0	3,498
Balances due from credit institutions and central banks		18,994	2,798	18,629
Loans and receivables at fair value	8,9,10	198,133	215,478	221,897
Loans and receivables at amortised cost		6	6	4
Bonds at fair value		-	-	-
Shares etc		5	7	5
Shares in associated undertakings		0	1	19
Intangible assets		27	36	40
Other tangible assets		5	4	5
Temporarily repossessed assets	11	1	1	0
Other assets	12	194	111	162
Total assets		217,365	218,442	244,258
Liabilities and equity				
Liabilities				
Balances due to credit institutions and central banks		3,391	14,428	4,872
Mortgage bonds in issue		200,500	188,872	223,325
Current tax liabilities		328	243	373
Other liabilities	13	2,626	3,026	3,426
Deferred income		3	6	4
Total liabilities		206,848	206,575	232,000
Provisions				
Provisions for deferred tax		5	9	8
Total provisions		5	9	8
Equity				
Share capital	14 15	1,563	1,717	1,717
Share premium account		-	0	18
Retained earnings		8,662	9,509	10,123
Profit for the period after tax		286	632	392
Total equity		10,512	11,858	12,250
Total liabilities and equity		217,365	218,442	244,258
Off-balance-sheet items				
Contingent liabilities		0	0	0
Total off-balance-sheet items		0	0	0

Notes

DKKm		2006 Jan- June	2007 Jan- June
Note 1	Interest income on:		
	Balances due from credit institutions and central banks	211	439
	Loans	3,778	5,005
	Administration fees	491	552
	Total bonds	1	-
	Total derivatives	12	3
	- Foreign exchange derivatives	-	-
	- Interest rate derivatives	12	3
	Other interest income	5	4
	Total	4,498	6,003
	Of which interest income on purchase and resale transactions entered under:		
	Balances due from credit institutions and central banks	206	280
Note 2	Interest expense to:		
	Credit institutions and central banks	35	195
	Mortgage bonds in issue	3,806	5,006
	Other interest expenses	-	3
	Total	3,841	5,204
	Of which interest expense on sale and repurchase transactions entered under:		
	Balances due to credit institutions and central banks	33	38
Note 3	Fee and commission expense:		
	Guarantee commissions etc to Nordea Bank Danmark A/S	213	240
	Brokerage to Nordea Bank Danmark A/S	33	27
	Other fees and commissions	29	26
	Total	275	293
Note 4	Securities and foreign exchange income:		
	Mortgage loans	-7,161	-5,911
	Bonds	-1	-
	Shares etc	-1	-2
	Currencies	0	0
	Total derivatives	-	-6
	- Foreign exchange derivatives	-	-
	- Interest rate derivatives	-	-6
	Bonds in issue	7,160	5,916
	Total	-3	-2

Notes

DKK m		2006 Jan- June	2007 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
	Total	2	2
	Staff costs		
	Salaries	31	30
	Pension costs	2	3
	Social security contributions	5	5
	Total	38	38
	Other administrative expenses	49	48
	Total	89	88
Note 6	Profit on shares in associated and group undertakings		
	Profit on shares in associated and group undertakings	-	19
	Total	-	19
	e-nettet Holding a/s, Copenhagen. Services to the mortgage sector, among others. Shareholding of 20.0%.		
Note 7	Tax		
	Nordea Kredit is taxed jointly with Danish companies, branches etc of the Nordea Group. Nordea Kredit 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.		
		30 June 2006	31 Dec 2006
			30 June 2007
Note 8	Loans and receivables		
	Mortgage loan portfolio, beginning of period – nominal value	190,847	221,799
	New loans (gross new lending)	31,829	26,701
	Currency translation adjustment	-1	-17
	Redemptions and prepayments	13,447	12,068
	Net new lending	18,381	14,617
	Scheduled principal payments	1,861	1,672
	Mortgage loan portfolio, end of period - nominal value	207,367	221,799
	Reclassification of loans relating to temporarily repossessed properties	1	-
	Mortgage loan portfolio – nominal value	207,366	221,799
	Adjustment for interest rate risk etc	-9,365	-6,362
	Adjustment for credit risk	-8	-8
	Total – fair value	197,994	215,429
	Mortgage arrears and execution levied against debtors' properties	139	49
	Loans and receivables at fair value	198,133	215,478
			221,897

Notes

DKKm	30 June 2006	31 Dec 2006	30 June 2007	
Note 9	Provisions for individually assessed loans			
	Accumulated provisions, beginning of period	4	4	8
	Movements during the year:			
	-Provisions and value adjustment during the year	7	8	-
	-Reversals of provisions made in previous financial years	3	3	1
	-Previous provisions now written off	0	1	0
	Total	8	8	7
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	1	1	0
	Movements during the year:			
	-Provisions and value adjustment during the year	0	0	-
	-Reversals of provisions made in previous financial years	1	0	0
	-Previous provisions now written off	0	1	0
	Total	0	0	-
Note 12	Other assets			
	Positive market value of derivatives	-	-	-
	Interest receivable on mortgage loans etc included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	137	110	134
	Interest receivable on bonds etc	56	0	26
	Other	1	1	1
	Total	194	111	162
Note 13	Other liabilities			
	Negative market value of derivatives	-	-	-
	Interest payable on mortgage bonds in issue included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	2,562	2,838	3,337
	Other interest and commissions payable	37	40	40
	Other liabilities	27	148	49
	Total	2,626	3,026	3,426

Notes

DKK m	30 June 2006	31 Dec 2006	30 June 2007
Note 14 Equity			
Share capital, beginning of period	1,563	1,563	1,717
Increase of share capital	-	154	-
Share capital, end of period	1,563	1,717	1,717
Statutory reserves, beginning of period	-	-	0
Net revaluation according to the equity method	-	0	17
Statutory reserves, end of period	-	0	18
Retained earnings, beginning of period	8,662	8,663	10,141
Change in accounting policies	-	-	-
Increase of share capital	-	846	-
Transferred to statutory reserves	-	0	-17
Profit for the period	286	632	392
Retained earnings, end of period	8,948	10,141	10,515
Total equity, end of period	10,512	11,858	12,250

Note 15 Share capital
The company's share capital consists of 17,172,500 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.

This interim report has not been subject to review or audit by the auditors.