



Interim Report 30 June 2009
Nordea Kredit Realkreditaktieselskab
Business registration number 15134275

Nordea Kredit – financial summary

	2009 Jan- June	2008 Jan- June	2007 Jan- June	2006 Jan- June	2005 Jan- June
Income statement (DKKm)					
Net interest and fee income	607	664	596	494	475
Securities and foreign exchange income	-5	-4	-2	-3	-30
Staff costs and administrative expenses	99	91	88	89	87
Amortisation, depreciation and impairment charges of intangible and tangible assets	6	4	4	1	0
Loan losses	30	-1	-1	4	0
Profit on shares in associated and group undertakings	0	0	19	-	-
Profit for the period before tax	466	566	521	397	358
Tax	117	142	129	111	-
Profit for the period after tax	349	424	392	286	358
Balance sheet, end of period (DKKm)					
Total assets	311,622	266,756	244,258	217,365	210,499
Total loans	282,242	245,693	221,901	198,139	175,638
Mortgage loans at nominal value ¹	285,222	264,348	234,738	207,358	173,192
Shareholders' equity	13,973	13,130	12,250	10,512	9,259
Ratios and key figures					
Total capital ratio, excluding profit for the period (%) ²	10.0	10.0	10.5	9.5	9.8
Tier 1 capital ratio, excluding profit for the period (%) ²	10.4	10.2	10.5	9.5	9.8
Pre-tax return on equity for the period (%)	3.4	4.4	4.3	3.8	3.9
Post-tax return on equity for the period (%)	2.5	3.3	3.3	2.8	3.9
Income/cost ratio for the period	4.45	7.01	6.69	5.23	5.16
Cost/income ratio (%) (excluding loan losses)	17.4	14.5	15.1	18.3	19.5
Foreign exchange exposure as % of tier 1 capital	0.4	0.2	0.2	0.2	0.1
Loans/shareholders' equity	20.2	18.7	18.1	18.8	19.0
Lending growth for the period (%)	3.9	5.1	5.8	8.7	9.4
Impairment ratio for the period (%)	0.0	0.0	0.0	0.0	0.0
Average number of employees	133	129	127	132	129

¹ After adjustment for credit risk

² After adjustment for transition rules

Financial review

- **First half profit of DKK 466m before tax**
- **Lending growth of DKK 11bn in first half 2009**
- **Loan losses of DKK 30m**
- **Continued positive trend in market share**

Results

Nordea Kredit posted a profit of DKK 466m before tax for the first six months of 2009 compared to DKK 566m in the same period last year, a decline of 18%.

This decline masks a lower return on investment chiefly due to the lower level of interest rates during the period. Conversely, the growth in lending has boosted reserve fund fees.

In the first six months of 2009 income in the form of reserve fund fees increased by DKK 43m or 7% over the prior-year period, while the return on investment decreased by DKK 97m or 35%.

Staff costs and administrative expenses rose by 9% to DKK 99m for the first six months, chiefly due to expenses for planned IT development, including systems development in preparation for electronic registration of land.

For these reasons the cost/income ratio rose to 17.4% for the first six months of 2009 compared to 14.5% in the same period last year.

Mortgage arrears and losses

An increase in mortgage arrears rates was evident in 2008 and this trend continued into the first half of 2009. The arrears rate (the 3-month arrears rate) for the March 2009 payment date was 0.45%, an increase of 0.09% point since year-end.

Given the higher number of forced sales, Nordea Kredit's portfolio of properties increased from 17 properties at the end of 2008 to 35 properties by the end of June 2009, booked at DKK 42m. In the first six months of 2009 Nordea Kredit repossessed 34 properties and sold 16 properties. The portfolio of repossessed properties is thus modest and solely comprises owner-occupied housing.

Total loan losses amounted to DKK 30m for the first six months of 2009 – of this amount collective provisions amounted to DKK 6m. The total loan losses of Nordea Kredit correspond to 0.01% of the total loan portfolio.

Lending

Mortgage loans at nominal value increased by DKK 10.8bn in the first six months of 2009 to DKK 285.2bn at 30 June 2009 compared to DKK 274.4bn at 31 December 2008. Compared to the same period last year lending growth amounted to DKK 20.9bn at 30 June 2009, or 7.9%. Lending growth is distributed across all property types.

An analysis by loan type for the first six months shows that the share of adjustable-rate mortgages has increased compared to the prior-year period, while the shares of capped mortgages as well as bond loans are decreasing (Table 1).

The share of adjustable-rate mortgages thus increased from 20.7% at the end of June 2008 to 32.3% at the end of June 2009.

Market shares

Nordea Kredit continues to broaden its share of the mortgage market in Denmark. At 31 March 2009 its market share stood at 12.5% compared to 12.4% at the same time last year. Sector figures for first six months of 2009 will be available after the publication of this interim report, but Nordea Kredit's market share is also expected to have increased in the second quarter.

Capital and capital adequacy

After transfer of the profit for the first half-year shareholders' equity is DKK 14.0bn. At 30 June 2009 the total capital ratio adjusted for the transition rules stood at 10.0%. The total capital ratio is unchanged from the prior-year period.

Nordea Kredit has decided not to apply for loans from the Danish government in accordance with the legislation on state-funded capital injections, the so-called Bank Package II, as Nordea Kredit does not require hybrid capital.

Outlook for remainder of 2009

Based on the continued growth in lending volumes as well as higher reserve fund rates in the commercial segment, operating earnings are expected to increase.

Overall, however, the profit for the second half of 2009 is expected to be below the prior-year level as the return on investment given the current level of interest rates will be significantly lower than in 2008.

Subsequent events

No events have occurred after the balance sheet date which may affect the assessment of the annual financial statements.

Table 1: Lending by loan type (nominal value)

	30 June 2009		30 June 2008	
	DKKbn	%	DKKbn	%
Cibor/Euribor	23.4	8.2	19.4	7.3
Capped floaters, annuity	1.8	0.6	4.4	1.7
Capped floaters, interest-only	2.6	0.9	5.2	2.0
Adjustable-rate, annuity	35.7	12.5	25.5	9.7
Adjustable-rate, interest-only	56.4	19.8	29.1	11.0
Cash loans, fixed rate	6.1	2.1	6.7	2.5
Bond loans, annuity	79.2	27.7	86.4	32.7
Bond loans, interest-only	80.0	28.1	87.6	33.1
Total	285.2	100.0	264.3	100.0

Statement by the Board of Directors and the Executive Management

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

The interim report has been presented in accordance with the Danish Financial Business Act as well as additional Danish disclosure requirements for the interim reports of issuers of listed bonds.

We consider the accounting policies applied appropriate for the interim report to give a true and fair view of the company's assets and liabilities, financial position at 30 June 2009 and of the results of the company's operations for the half-year ending 30 June 2009.

To the best of our knowledge the financial review includes a fair review of the development of the business and the position of the company, together with a description of the principal risks and uncertainties that the company faces.

Copenhagen, 21 July 2009

Executive Management

Lars Bank Jørgensen
(Chairman)

Michael Jensen

Board of Directors

Michael Rasmussen
(Chairman)

Peter Lybecker
(Deputy Chairman)

Jørgen Holm Jensen

Anders Jensen

Income statement

DKK m	Note	2009 Jan- June	2008 Jan- June
Interest income	2	7,862	7,116
Interest expenses	3	7,021	6,215
Net interest income		841	901
Dividend income		2	2
Fee and commission income		91	78
Fee and commission expenses	4	327	317
Net interest and fee income		607	664
Securities and foreign exchange income	5	-5	-4
Other operating income		-1	0
Staff costs and administrative expenses	6	99	91
Amortisation, depreciation and impairment charges of intangible and tangible assets		6	4
Loan losses etc		30	-1
Profit on shares in associated and group undertakings	7	0	0
Profit before tax		466	566
Tax	8	117	142
Profit for the period		349	424

Balance sheet, end of period

DKK m	Note	30 June 2009	31 Dec 2008	30 June 2008
Assets				
Cash and balances with central banks		0	0	0
Balances due from credit institutions and central banks		29,123	7,722	20,898
Loans and receivables at fair value	9, 10, 11	282,239	265,418	245,690
Loans and receivables at amortised cost		3	4	4
Bonds at fair value		-	-	-
Shares etc		6	8	8
Shares in associated undertakings		15	15	18
Intangible assets		34	40	42
Other tangible assets		3	3	3
Temporarily repossessed assets	12	42	20	6
Other assets	13	153	109	88
Prepayments		4	7	-
Total assets		311,622	273,346	266,756
Liabilities and equity				
Liabilities				
Balances due to credit institutions and central banks		637	24,700	2,280
Mortgage bonds in issue at fair value		291,840	230,225	246,998
Current tax liabilities		423	307	420
Other liabilities	14	4,729	4,476	3,915
Deferred income		10	4	5
Total liabilities		297,639	259,713	253,618
Provisions				
Provisions for deferred tax		10	10	9
Total provisions		10	10	9
Equity				
Share capital	15	1,717	1,717	1,717
Other reserves		14	14	16
- Statutory reserves		14	14	16
- Other reserves		0	0	0
Retained earnings		12,242	11,893	11,397
Total equity		13,973	13,624	13,130
Total liabilities and equity		311,622	273,346	266,756
Off-balance-sheet items				
Guarantees etc		75	75	0
Total off-balance-sheet items		75	75	0

Equity

DKK m	30 June 2009	31 Dec 2008	30 June 2008
Share capital, beginning of period	1,717	1,717	1,717
Increase of share capital	-	-	-
Share capital, end of period	1,717	1,717	1,717
Other reserves, beginning of period	14	16	16
Other additions	-	0	0
Other disposals	-	3	-
Other reserves, end of period	14	14	16
Retained earnings, beginning of period	11,893	10,973	10,973
Other additions	-	3	-
Profit for the period	349	917	424
Retained earnings, end of period	12,242	11,893	11,397
Total equity, end of period	13,973	13,624	13,130

Notes

DKKm	30 June 2009 ¹	31 Dec 2008	30 June 2008 ¹
Note 1			
Capital base			
Tier 1 capital	13,076	13,229	12,484
Total capital base	12,563	12,875	12,303

¹ Excluding profit for the period

Capital requirements DKKm	30 June 2009 Capital require- ment	30 June 2009 Risk- weighted assets	31 Dec 2008 Capital require- ment	31 Dec 2008 Risk- weighted assets	30 June 2008 Capital require- ment	30 June 2008 Risk- weighted assets
Credit risk	4,820	60,252	4,643	58,034	8,052	100,655
IRB	4,437	55,463	4,053	50,663	2,185	27,315
- of which corporate customers	2,265	23,318	2,191	27,382	2,181	27,266
- of which credit institutions	0	1	0	1	0	0
- of which retail customers	2,158	26,981	1,853	23,158	-	-
- of which other	13	163	10	122	4	48
Standardised	383	4,789	590	7,371	5,867	73,340
- of which retail customers	0	0	0	0	4,995	62,439
- of which other	383	4,789	590	7,371	872	10,901
Market risk	4	53	6	69	2	21
- of which currency risk	4	53	6	69	2	21
Operational risk	152	1,902	134	1,671	134	1,671
Standardised	152	1,902	134	1,671	134	1,671
Total	4,977	62,207	4,782	59,774	8,188	102,347
Adjustment for transition rules						
Additional capital requirement according to transition rules	5,120	64,001	5,834	72,922	1,624	20,302
Total	10,097	126,208	10,616	132,695	9,812	122,649

Capital ratio	30 June 2009	31 Dec 2008	30 June 2008
Tier 1 ratio (%) after transition rules	10.4	10.0	10.2
Total capital ratio (%) after transition rules	10.0	9.7	10.0
Tier 1 ratio (%) before transition rules	21.0	22.1	12.2
Total capital ratio (%) before transition rules	20.2	21.5	12.0

Computed according to the Danish Financial Supervisory Authority's Executive Order on capital adequacy of 21 December 2007.

Notes

DKKm	2009 Jan- June	2008 Jan- June
Note 2 Interest income		
Balances due from credit institutions and central banks	553	529
Loans and receivables	6,645	5,969
Reserve fund fees receivable	655	612
Total bonds	-	0
Total derivatives	2	3
- Foreign exchange derivatives	-	-
- Interest rate derivatives	2	3
Other interest income	7	4
Total	7,862	7,116
Of which interest income on purchase and resale transactions entered under:		
Balances due from credit institutions and central banks	181	317
Note 3 Interest expenses		
Credit institutions and central banks	378	119
Mortgage bonds in issue	6,637	6,093
Other interest expenses	6	3
Total	7,021	6,215
Of which interest expense on sale and repurchase transactions entered under:		
Balances due to credit institutions and central banks	10	33
Note 4 Fee and commissions		
Guarantee commissions etc to Nordea Bank Danmark A/S	272	262
Brokerage payable to Nordea Bank Danmark A/S	32	28
Other fees and commissions	23	27
Total	327	317
Note 5 Securities and foreign exchange income		
Mortgage loans	6,312	-6,505
Bonds	-	0
Shares etc	-2	-
Currencies	0	0
Total derivatives	0	-
- Foreign exchange derivatives	-	-
- Interest rate derivatives	0	-
Bonds in issue	-6,315	6,500
Total	-5	-4

Notes

DKKm		2009 Jan- June	2008 Jan- June
Note 6	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	35	32
	Pension costs	4	3
	Social security contributions	5	5
	Total	43	41
	Other administrative expenses	54	48
	Total	99	91
Note 7	Profit on shares in associated and group undertakings		
	Profit on shares in associated and group undertakings	0	0
	Total	0	0
	Shares in associated undertakings comprise e-nettet Holding A/S, Copenhagen, which provides services for instance to the mortgage sector. Shareholding: 20%. Shareholders' equity amounted to DKK 76m and the year-end result to DKK -15m according to the latest annual report for 2008.		
Note 8	Tax		
	Nordea Kredit is taxed jointly with Danish companies and 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 Nordea Bank Danmark A/S has taken place.		
		30 June 2009	31 Dec 2008
			30 June 2008
Note 9	Loans and receivables		
	Mortgage loan portfolio, beginning of period		
	– nominal value	274,467	251,508
	New loans (gross new lending)	35,178	27,008
	Currency translation adjustment	-11	2
	Redemptions and prepayments	22,509	12,377
	Net new lending	12,658	14,634
	Scheduled principal payments	1,852	1,789
	Mortgage loan portfolio, end of period - nominal value	285,273	274,467
	Reclassification of loans relating to temporarily repossessed properties	-5	-
	Mortgage loan portfolio – nominal value	285,268	274,467
	Adjustment for interest rate risk etc	-3,091	-9,099
	Adjustment for credit risk	-46	-26
	Mortgage loan portfolio – fair value	282,131	265,342
	Mortgage arrears and execution levied against debtors' properties	108	76
	Total loans and receivables – fair value	282,239	265,418
	Loans at amortised cost	3	4
	Total loans and receivables	282,242	265,422

Notes

DKK m	30 June 2009	31 Dec 2008	30 June 2008
Note 10 Provisions for individually assessed loans			
Accumulated provisions, beginning of period	6	6	6
Movements during the year:			
- Provisions and value adjustment during the year	28	8	3
- Reversals of provisions made in previous financial years	10	7	6
- Other movements	-2	-	-
- Previous provisions now written off	2	1	0
Total	20	6	4
Note 11 Provisions for collectively assessed loans			
Accumulated provisions, beginning of period	19	-	-
Movements during the year:			
- Provisions and value adjustment during the year	6	19	-
- Reversals of provisions made in previous financial years	-	-	-
- Previous provisions now written off	-	-	-
Total	26	19	-
Note 12 Provisions for other balances due from credit institutions and other items with credit risk			
Accumulated provisions, beginning of period	4	0	0
Movements during the year:			
- Provisions and value adjustment during the year	7	4	1
- Reversals of provisions made in previous financial years	1	0	0
- Other movements	2	-	-
- Previous provisions now written off	-	-	0
Total	12	4	1
Note 13 Other assets			
Positive market value of derivatives etc	-	0	-
Interest etc receivable on mortgage loans included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	124	105	58
Interest receivable on bonds etc	11	1	26
Other assets	18	3	4
Total	153	109	88
Note 14 Other liabilities			
Negative market value of derivatives etc	0	0	-
Interest etc payable on mortgage bonds in issue included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	4,626	4,297	3,825
Other interest and commissions payable	47	87	43
Other liabilities	56	92	47
Total	4,729	4,476	3,915

Notes

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 compared with 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/OMX rules for issuers and generally accepted accounting principles.

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