



Interim Report 30 June 2010  
**Nordea Kredit Realkreditaktieselskab**  
Business registration number 15134275

<b>Nordea Kredit – financial summary</b>	2010	2009	2008	2007	2006
	Jan- June	Jan- June	Jan- June	Jan- June	Jan- June
<b>Income statement (DKK m)</b>					
Net interest and fee income	627	607	664	596	494
Securities and foreign exchange income	-2	-5	-4	-2	-3
Staff costs and administrative expenses	117	99	91	88	89
Amortisation, depreciation and impairment charges of intangible and tangible assets	6	6	4	4	1
Loan losses	64	30	-1	-1	4
Profit on shares in associated and group undertakings	0	0	0	19	-
Profit for the period before tax	435	466	566	521	397
Tax	109	117	142	129	111
Profit for the period after tax	326	349	424	392	286
<b>Balance sheet, end of period (DKK m)</b>					
Total assets	352,601	311,622	266,756	244,258	217,365
Total loans	311,212	282,242	245,693	221,901	198,139
Mortgage loans at nominal value <sup>1</sup>	306,487	285,222	264,348	234,738	207,358
Shareholders' equity	14,628	13,973	13,130	12,250	10,512
<b>Ratios and key figures</b>					
Total capital ratio, excluding profit for the period (%) <sup>2</sup>	9.3	10.0	10.0	10.5	9.5
Tier 1 capital ratio, excluding profit for the period (%) <sup>2</sup>	9.7	10.4	10.2	10.5	9.5
Pre-tax return on equity for the period (%)	3.0	3.4	4.4	4.3	3.8
Post-tax return on equity for the period (%)	2.3	2.5	3.3	3.3	2.8
Income/cost ratio for the period	3.33	4.45	7.01	6.69	5.23
Cost/income ratio (%) (excluding loan losses)	19.7	17.4	14.5	15.1	18.3
Foreign exchange exposure as % of tier 1 capital	0.2	0.4	0.2	0.2	0.2
Loans/shareholders' equity	21.3	20.2	18.7	18.1	18.8
Lending growth for the period (%)	3.6	3.9	5.1	5.8	8.7
Impairment ratio for the period (%)	0.02	0.01	0.00	0.00	0.00
Average number of employees	141	133	129	127	132

<sup>1</sup> After adjustment for credit risk

<sup>2</sup> After adjustment for transition rules

## Financial review

- **First-half profit of DKK 435m before tax**
- **Lending growth of DKK 10.8bn in first half 2010**
- **Total mortgage lending of DKK 306.5bn**
- **Loan losses of DKK 64m**
- **Continued positive trend in market share**

### Results

Nordea Kredit posted a profit of DKK 435m before tax for the first six months of 2010 compared to DKK 466m for the same period last year, a decline of 7%.

This decline masks a decrease in the return on investment by DKK 105m to DKK 85m in the first six months of 2010 due to the lower level of interest rates. The profit is also affected by loan losses, which amounted to DKK 64m for the first six months of 2010 compared to DKK 30m for the prior-year period.

In the first six months of 2010 income in the form of reserve fund fees increased by DKK 104m over the prior-year period to a total of DKK 759m. The increase was driven by lending growth as well as the introduction of higher fees for commercial loans in the second half of 2009.

Staff costs and administrative expenses increased to DKK 117m in the first six months of 2010. This increase is attributable to expenses for temporary staff during the implementation of electronic registration of land, higher expenses for handling a larger volume of non-performing loans and repossessed properties as well as a rise in overall IT expenses.

For these reasons the cost/income ratio rose to 19.7% for the first six months of 2010 compared to 17.4% in the same period last year.

### **Lending**

Mortgage loans at nominal value increased by DKK 10.8bn in the first six months of 2010 to DKK 306.5bn at 30 June 2010 compared to DKK 295.7bn at 31 December 2009. Lending expanded by DKK 21.3bn compared to the first six months of 2009, an increase of 7%.

### **Mortgage arrears and losses**

Mortgage arrears rates reflect the financial situation of borrowers. The arrears rate for loans secured by owner-occupied properties (the 3.5-month arrears rate) for the March 2010 payment date was 0.44%, a decline of 0.06% point since year-end.

Given the higher number of forced sales, Nordea Kredit's portfolio of repossessed properties increased to 78 properties at the end of June 2010. At the beginning of 2010 the portfolio of repossessed properties comprised 51 properties. In the first six months of 2010 Nordea Kredit repossessed 60 properties and sold 33 properties. All properties in the repossessions portfolio are owner-occupied homes and the total book value of the properties amounts to DKK 78m.

After taking loss guarantees provided by Nordea Bank Danmark A/S into account, total accumulated loan losses amounted to DKK 153m. Of this amount, provisions for collectively assessed loans account for DKK 83m. Nordea Kredit's total loan losses correspond to 0.05% of its lending portfolio. The quality of the lending portfolio thus remains high.

Further details may be obtained from the latest published investor information (LTV report) available at [nordeakredit.dk](http://nordeakredit.dk).

### **Market shares**

Nordea Kredit continues to broaden its share of the mortgage market in Denmark. At 31 March 2010 its market share stood at 13.0% compared to 12.5% at the same time last year. Sector figures for the second quarter of 2010 will be available after the publication of this interim report.

### **Capital and capital adequacy**

After transfer of the profit for the first half-year shareholders' equity is DKK 14.6bn at end-June 2010. At 30 June 2010 the total capital ratio adjusted for the transition rules stood at 9.3% compared to 10.0% at 30 June 2009.

Under Danish legislation Nordea Kredit must publish its adequate capital base as well as its individual solvency need on a quarterly basis. This report is available at [nordeakredit.dk](http://nordeakredit.dk) and [nordea.com](http://nordea.com).

### **Outlook for remainder of 2010**

Nordea Kredit expects to see continued lending growth and market share expansion.

Both the provisioning requirement and the overall profit are expected to be at the same level as in the first six months of 2010.

However, changes in interest rates may affect the profit due to higher refinancing activity and due to the impact on the return of Nordea Kredit's investments.

### **Subsequent events**

No events have occurred after the balance sheet date which may affect the assessment of the interim report for the first half-year 2010.

## Income statement

DKKm	Note	2010 Jan- June	2009 Jan- June
Interest income	<b>2</b>	5,976	7,862
Interest expenses	<b>3</b>	5,132	7,021
<b>Net interest income</b>		<b>844</b>	<b>841</b>
Dividend income		1	2
Fee and commission income		118	91
Fee and commission expenses	<b>4</b>	336	327
<b>Net interest and fee income</b>		<b>627</b>	<b>607</b>
Securities and foreign exchange income	<b>5</b>	-2	-5
Other operating income		-3	-1
Staff costs and administrative expenses	<b>6</b>	117	99
Amortisation, depreciation and impairment charges of intangible and tangible assets		6	6
Loan losses etc		64	30
Profit on shares in associated and group undertakings	<b>7</b>	0	0
<b>Profit before tax</b>		<b>435</b>	<b>466</b>
Tax	<b>8</b>	109	117
<b>Profit for the period</b>		<b>326</b>	<b>349</b>

## Balance sheet, end of period

DKKm	Note	30 June 2010	31 Dec 2009	30 June 2009
<b>Assets</b>				
Cash and balances with central banks		0	0	0
Balances due from credit institutions and central banks		40,385	16,382	29,123
Loans and receivables at fair value	<b>9, 10, 11</b>	311,209	294,558	282,239
Loans and receivables at amortised cost		3	3	3
Bonds at fair value		-	-	-
Shares etc		7	7	6
Shares in associated undertakings		13	12	15
Intangible assets		23	29	34
Other tangible assets		2	3	3
Temporarily repossessed assets	<b>12</b>	78	54	42
Other assets	<b>13</b>	876	562	153
Prepayments		5	5	4
<b>Total assets</b>		<b>352,601</b>	<b>311,615</b>	<b>311,622</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Balances due to credit institutions and central banks		13,946	51,314	637
Mortgage bonds in issue at fair value		319,435	240,480	291,840
Current tax liabilities		341	232	423
Other liabilities	<b>14</b>	4,231	5,273	4,729
Deferred income		14	9	10
<b>Total liabilities</b>		<b>337,967</b>	<b>297,308</b>	<b>297,639</b>
<b>Provisions</b>				
Provisions for deferred tax		6	6	10
<b>Total provisions</b>		<b>6</b>	<b>6</b>	<b>10</b>
<b>Equity</b>				
Share capital	<b>15</b>	1,717	1,717	1,717
Other reserves		11	11	14
- Statutory reserves		11	11	14
- Other reserves		0	0	0
Retained earnings		12,900	12,573	12,242
<b>Total equity</b>		<b>14,628</b>	<b>14,301</b>	<b>13,973</b>
<b>Total liabilities and equity</b>		<b>352,601</b>	<b>311,615</b>	<b>311,622</b>
<b>Off-balance-sheet items</b>				
Guarantees etc		75	74	75
<b>Total off-balance-sheet items</b>		<b>75</b>	<b>74</b>	<b>75</b>

## Equity

DKKm	30 June 2010	31 Dec 2009	30 June 2009
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	11	14	14
Other additions	-	0	-
Other disposals	-	-3	-
Other reserves, end of period	11	11	14
Retained earnings, beginning of period	12,573	11,893	11,893
Profit for the period	326	678	349
Other additions	-	3	-
Retained earnings, end of period	12,900	12,573	12,242
<b>Total equity, end of period</b>	<b>14,628</b>	<b>14,301</b>	<b>13,973</b>

## Notes

DKKm	30 June 2010 <sup>1</sup>	31 Dec 2009	30 June 2009 <sup>1</sup>
Note 1 <b>Capital base</b>			
Tier 1 capital	13,617	13,657	13,076
Total capital base	12,956	13,042	12,563

<sup>1</sup> Excluding profit for the period

<b>Capital requirements</b>	30 June 2010 Capital require- ment	30 June 2010 Risk- weighted assets	31 Dec 2009 Capital require- ment	31 Dec 2009 Risk- weighted assets	30 June 2009 Capital require- ment	30 June 2009 Risk- weighted assets
<b>Credit risk</b>	<b>5,717</b>	<b>71,468</b>	<b>5,470</b>	<b>68,379</b>	<b>4,820</b>	<b>60,252</b>
IRB	5,249	65,618	5,035	62,932	4,437	55,463
- of which corporate customers	2,406	30,069	2,352	29,397	2,265	23,318
- of which credit institutions	0	2	0	1	0	1
- of which retail customers	2,776	34,695	2,640	32,995	2,158	26,981
- of which other	67	852	43	539	13	163
Standardised	468	5,850	436	5,447	383	4,789
- of which retail customers	-	-	-	-	0	0
- of which other	468	5,850	436	5,447	383	4,789
<b>Market risk</b>	<b>2</b>	<b>24</b>	<b>6</b>	<b>72</b>	<b>4</b>	<b>53</b>
- of which currency risk	2	24	6	72	4	53
<b>Operational risk</b>	<b>159</b>	<b>1,983</b>	<b>152</b>	<b>1,902</b>	<b>152</b>	<b>1,902</b>
Standardised	159	1,983	152	1,902	152	1,902
<b>Subtotal</b>	<b>5,878</b>	<b>73,475</b>	<b>5,628</b>	<b>70,354</b>	<b>4,977</b>	<b>62,207</b>
<b>Adjustment for transition rules</b>						
Additional capital requirement according to transition rules	5,309	66,365	4,949	61,868	5,120	64,001
<b>Total</b>	<b>11,187</b>	<b>139,840</b>	<b>10,578</b>	<b>132,222</b>	<b>10,097</b>	<b>126,208</b>

<b>Capital ratio</b>	30 June 2010	31 Dec 2009	30 June 2009
Tier 1 ratio (%) after transition rules	9.7	10.3	10.4
Total capital ratio (%) after transition rules	9.3	9.9	10.0
Tier 1 ratio (%) before transition rules	18.5	19.4	21.0
Total capital ratio (%) before transition rules	17.6	18.5	20.2

Computed according to the Danish Financial Supervisory Authority's Executive Order on capital adequacy of 17 December 2009.

## Notes

DKKm		2010 Jan- June	2009 Jan- June
Note 2	<b>Interest income</b>		
	Balances due from credit institutions and central banks	185	553
	Loans and receivables	5,021	6,645
	Reserve fund fees receivable	759	655
	Total bonds	-	-
	Total derivatives	5	2
	- Foreign exchange derivatives	-	-
	- Interest rate derivatives	5	2
	Other interest income	6	7
	<b>Total</b>	<b>5,976</b>	<b>7,862</b>
	Of which interest income on purchase and resale transactions entered under:		
	Balances due from credit institutions and central banks	68	181
Note 3	<b>Interest expenses</b>		
	Credit institutions and central banks	122	378
	Mortgage bonds in issue	5,006	6,637
	Other interest expenses	4	6
	<b>Total</b>	<b>5,132</b>	<b>7,021</b>
	Of which interest expense on sale and repurchase transactions entered under:		
	Balances due to credit institutions and central banks	8	10
Note 4	<b>Fee and commission expenses</b>		
	Guarantee commissions etc to Nordea Bank Danmark A/S	278	272
	Brokerage payable to Nordea Bank Danmark A/S	33	32
	Other fees and commissions	25	23
	<b>Total</b>	<b>336</b>	<b>327</b>
Note 5	<b>Securities and foreign exchange income</b>		
	Mortgage loans	5,859	6,312
	Bonds	-	-
	Shares etc	-	-2
	Currencies	0	0
	Total derivatives	0	0
	- Foreign exchange derivatives	-	-
	- Interest rate derivatives	0	0
	Bonds in issue	-5,861	-6,315
	<b>Total</b>	<b>-2</b>	<b>-5</b>

## Notes

DKKm	2010	2009
	Jan- June	Jan- June
<b>Note 6</b>		
<b>Staff costs and administrative expenses</b>		
Salaries and emoluments to the Executive Management and the Board of Directors Executive Management	2	2
<b>Total</b>	<b>2</b>	<b>2</b>
<b>Staff costs</b>		
Salaries	36	35
Pension costs	4	4
Social security contributions	6	5
<b>Total</b>	<b>46</b>	<b>43</b>
Other administrative expenses	69	54
<b>Total</b>	<b>117</b>	<b>99</b>

<b>Note 7</b>		
<b>Profit on shares in associated and group undertakings</b>		
Profit on shares in associated and group undertakings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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 62m and the year-end result to DKK -14m according to the latest annual report for 2009.

<b>Note 8</b>	
<b>Tax</b>	
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 2010	31 Dec 2009	30 June 2009
<b>Note 9</b>			
<b>Loans and receivables</b>			
Mortgage loan portfolio, beginning of period – nominal value	295,833	274,467	274,467
New loans (gross new lending)	35,193	76,324	35,178
Currency translation adjustment	29	-29	-11
Redemptions and prepayments	22,406	51,364	22,509
Net new lending	12,816	24,931	12,658
Scheduled principal payments	1,997	3,557	1,852
Mortgage loan portfolio, end of period – nominal value	306,652	295,841	285,273
Reclassification of loans relating to temporarily repossessed properties	-13	-8	-5
Mortgage loan portfolio – nominal value	306,639	295,833	285,268
Adjustment for interest rate risk etc	4,540	-1,318	-3,091
Adjustment for credit risk	-153	-115	-46
Mortgage loan portfolio – fair value	311,026	294,400	282,131
Mortgage arrears and execution levied against debtors' properties	183	158	108
<b>Total loans and receivables – fair value</b>	<b>311,209</b>	<b>294,558</b>	<b>282,239</b>
Loans at amortised cost	3	3	3
<b>Total loans and receivables</b>	<b>311,212</b>	<b>294,561</b>	<b>282,242</b>

## Notes

DKKm	30 June 2010	31 Dec 2009	30 June 2009
<b>Note 10 Provisions for individually assessed loans</b>			
Accumulated provisions, beginning of period	44	6	6
Movements during the year:			
- Provisions and value adjustment during the year	63	68	28
- Reversals of provisions made in previous financial years	16	20	10
- Other movements	-9	-2	-2
- Previous provisions now written off	12	8	2
<b>Total</b>	<b>70</b>	<b>44</b>	<b>20</b>
<b>Note 11 Provisions for collectively assessed loans</b>			
Accumulated provisions, beginning of period	71	19	19
Movements during the year:			
- Provisions and value adjustment during the year	34	52	6
- Reversals of provisions made in previous financial years	22	-	-
- Previous provisions now written off	-	-	-
<b>Total</b>	<b>83</b>	<b>71</b>	<b>26</b>
<b>Note 12 Provisions for other balances due from credit institutions and other items with credit risk</b>			
Accumulated provisions, beginning of period	18	4	4
Movements during the year:			
- Provisions and value adjustment during the year	5	17	7
- Reversals of provisions made in previous financial years	3	3	1
- Other movements	9	2	2
- Previous provisions now written off	2	2	-
<b>Total</b>	<b>27</b>	<b>18</b>	<b>12</b>
<b>Note 13 Other assets</b>			
Positive market value of derivatives etc	0	0	-
Interest etc receivable on mortgage loans included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	831	532	124
Interest receivable on bonds etc	7	1	11
Other assets	38	29	18
<b>Total</b>	<b>876</b>	<b>562</b>	<b>153</b>
<b>Note 14 Other liabilities</b>			
Negative market value of derivatives etc	0	0	0
Interest etc payable on mortgage bonds in issue included in calculation of statutory balance between mortgage loans and mortgage bonds in issue	3,364	4,661	4,626
Other interest and commissions payable	46	49	47
Other liabilities	821	563	56
<b>Total</b>	<b>4,231</b>	<b>5,273</b>	<b>4,729</b>

## 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 (Nasdaq OMX Nordic) rules for issuers and generally accepted accounting principles.

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

## **Statement by the Board of Directors and the Executive Management**

The Board of Directors and the Executive Management have today discussed and approved the interim report of Nordea Kredit Realkreditaktieselskab for the half-year ending 30 June 2010.

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

It is our opinion that the financial statements give a true and fair view of the company's financial position at 30 June 2010 and of the results of the company's operations and cash flows for the half-year ending 30 June 2010.

Further, in our opinion, the Directors' report provides a fair review of the development in the company's operations and financial matters, the results of the company's operations and financial position and describes the material risks and uncertainties affecting the company.

Copenhagen, 20 July 2010

### **Executive Management**

Lars Bank Jørgensen  
(Chairman)

Michael Jensen

### **Board of Directors**

Michael Rasmussen  
(Chairman)

Peter Lybecker  
(Deputy Chairman)

Jørgen Holm Jensen

Anders Jensen