

**To the Copenhagen Stock Exchange  
and the press**

**19 May 2005**

**Q1 INTERIM REPORT 2005  
Totalkredit A/S  
(1 January – 31 March 2005)**

**THE PERIOD – IN BRIEF**

- Gross lending of DKK 42bn against DKK 21bn in Q1/2004
- Loan portfolio grew from DKK 197bn to DKK 213bn
- Profit before tax of DKK 180m

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# Financial highlights

DKK MILLION

	Q1/ 2005	Q1/ 2004	FY 2004
<b>CORE EARNINGS AND PROFIT</b>			
<b>Core income from:</b>			
Business operations	208	137	564
Securities	15	12	64
<b>Total</b>	<b>223</b>	<b>149</b>	<b>628</b>
Operating costs, depreciation and amortisation	54	45	189
<b>Core earnings before provisions</b>	<b>169</b>	<b>104</b>	<b>439</b>
Provisions for loan impairment	0	0	0
<b>Core earnings after provisions</b>	<b>169</b>	<b>104</b>	<b>439</b>
Investment portfolio income	11	44	64
<b>Profit before tax</b>	<b>180</b>	<b>148</b>	<b>503</b>
Tax	54	44	149
<b>Profit for the period</b>	<b>126</b>	<b>104</b>	<b>354</b>
<b>SUMMARY BALANCE SHEET</b>	31.03.2005	31.03.2004	31.12.2004*
<b>Assets</b>			
Mortgage loans	212,773	170,644	196,856
Bonds and shares	2,364	5,631	9,563
Other assets	23,726	11,339	11,625
<b>Total assets</b>	<b>238,863</b>	<b>187,614</b>	<b>218,044</b>
<b>Liabilities and equity</b>			
Issued bonds	228,736	179,016	206,637
Subordinate loan capital	2,604	2,602	2,600
Other liabilities	2,574	2,423	3,984
Equity incl profit for the period	4,949	3,573	4,823
<b>Total liabilities and equity</b>	<b>238,863</b>	<b>187,614</b>	<b>218,044</b>
<b>Key ratios</b>			
Profit for the period as a % of average equity <sup>1</sup>	10.3	11.8	8.5
Core earnings after provisions as a % of average equity <sup>1</sup>	13.8	11.8	10.6
Costs as a % of core income	24.2	30.2	30.1
Capital adequacy ratio	8.6	8.9	9.4
Core capital ratio	5.6	5.1	6.1
Average number of full-time staff	80	68.0	74.0

1) Per annum

\* Restated in accordance with the new accounting policies, cf opening balance sheet at 1 January 2005

# Q1 Interim Report

Totalkredit's results reflect a quarter with very high lending activity. Profit before tax was DKK 180m against DKK 148m in the same period the year before. Profit after tax was DKK 126m against DKK 104m in 2004.

## CORE EARNINGS

Totalkredit's core earnings after provisions were DKK 169m against DKK 104m in the same period the year before.

Core income from business operations went up by DKK 74m to DKK 223m reflecting the very high lending and refinancing activity as well as substantial growth in the loan portfolio.

Core income from securities went up by DKK 3m to DKK 15m in Q1/2005. Results were positively impacted by the increase in equity of DKK 1.0bn in April 2004, whereas decline in money market rates affected earnings negatively.

Operating costs, depreciation and amortisation were DKK 54m in Q1/2005 against DKK 45m in 2004. The cost rise is attributable to increased marketing efforts and costs deriving from the high level of lending activity.

## INVESTMENT PORTFOLIO INCOME

Totalkredit's investment portfolio income amounted to DKK 11m against DKK 44m in the same period the year before.

## PROVISIONS FOR LOAN IMPAIRMENT

Provisions for loan impairment were recognised at DKK 0.

## LOANS AND ADVANCES

In Q1/2005 gross lending amounted to DKK 42bn against DKK 21bn in the same period the year before.

Activity levels mirror attractive interest rate levels and customer demand for loans with interest rate caps. In Q1/2005 no less than 67% of gross lending was advanced as loans with interest rate caps, and demand

was especially aimed at loans with 10-year interest rate caps.

## BALANCE SHEET

Totalkredit's balance sheet stood at DKK 239bn at end-Q1/2005 against an adjusted opening balance sheet at 1 January 2005 of DKK 218bn.

In Q1/2005 the loan portfolio grew by some DKK 16bn to DKK 213bn.

In connection with the implementation of the new accounting rules issued by the Danish Financial Supervisory Authority, the end-2004 balance sheet of DKK 243bn was reduced by DKK 24bn to DKK 219bn. The adjustments are listed on page 5.

## Capital and capital adequacy

Totalkredit's equity excluding profit for the period was DKK 4,823m and including subordinate loan capital of DKK 2,604m, the capital base totalled DKK 7,427m.

At the end of the quarter, the capital adequacy ratio was 8.6 and the core capital ratio 5.6.

Totalkredit expects to carry out the previously announced capital strengthening in Q2/2005.

## OUTLOOK FOR 2005

In the Annual Report for 2004, it was stated that increased customer demand for the new housing finance products would lead to significantly higher gross and net new lending compared with the budgeted gross DKK 65bn and net DKK 33bn.

Because of the activity levels seen in Q1 and the continued strong customer interest, Totalkredit now expects gross lending of around DKK 100–115bn and net new lending of around DKK 45–50bn.

Relative to the loan portfolio, costs are expected to be stable and impairment losses to continue to be modest.

As a result of the higher lending activity, profit before tax is expected to be around DKK 575–600m compared with the previously expected DKK 500m.

## **ACCOUNTING POLICIES**

The Q1/2005 Interim Report has been prepared in accordance with the new Danish Executive Order on the Presentation of Financial Statements issued by the Danish Financial Supervisory Authority. The Executive Order has been drafted to the effect that the accounting rules governing financial companies essentially comply with the IFRS. Significant changes relative to previous practices with respect to Totalkredit A/S concern the measurement of loans and issued bonds as well as the classification of securities portfolios. The changes have been included in the opening balance sheet at 1 January 2005.

Mortgage loans and issued bonds have been measured at fair value in contrast to the previous nominal value.

In accordance with the new accounting policies, the portfolio of own issued bonds and interest receivable hereof have been offset against issued bonds and interest payable, respectively, under liabilities and equity. Under previous accounting policies, the items were recognised under assets.

The Q1 Interim Report has not been audited.

### **Effects of changed accounting policies**

The transition to IFRS has the following effect on Totalkredit's comparative figures for 2004:

At 31 December 2004 the balance sheet total was reduced by DKK 24.5bn to DKK 218bn.

The change is a result of the revaluation of mortgage loans and issued bonds by approximately DKK 2.2bn. The portfolio of own issued bonds of DKK 25.9bn has been offset against outstanding bonds, and interest receivable of DKK 0.8bn has been offset against interest payable.

The transition to the new accounting policies has not affected Totalkredit's equity.

Taastrup, 19 May 2005  
Board of Directors of Totalkredit A/S

# Key figures

DKK MILLION

	Q1/ 2005	Open. bal. sheet 1 January 05	Q4/ 2004	Q3/ 2004	Q2/ 2004	Q1/ 2004
<b>CORE EARNINGS AND PROFIT FOR THE PERIOD</b>						
<b>Core income from:</b>						
Business operations	208	–	150	130	147	137
Securities	15	–	16	18	18	12
<b>Total</b>	<b>223</b>	<b>–</b>	<b>166</b>	<b>148</b>	<b>165</b>	<b>149</b>
Operation costs, depreciation and amortisation	54	–	47	45	52	45
<b>Core earnings before provisions</b>	<b>169</b>	<b>–</b>	<b>119</b>	<b>103</b>	<b>113</b>	<b>104</b>
Provisions for loan impairment	0	–	0	0	0	0
<b>Core earnings after provisions</b>	<b>169</b>	<b>–</b>	<b>119</b>	<b>103</b>	<b>113</b>	<b>104</b>
Investment portfolio income	11	–	14	19	(13)	44
<b>Profit before tax</b>	<b>180</b>	<b>–</b>	<b>133</b>	<b>122</b>	<b>100</b>	<b>148</b>
Tax	54	–	38	37	30	44
<b>Profit for the period</b>	<b>126</b>	<b>–</b>	<b>95</b>	<b>85</b>	<b>70</b>	<b>104</b>

<b>SUMMARY BALANCE SHEET</b>						
<b>Assets</b>						
Mortgage loans	212,773	196,856	194,675	188,281	180,378	170,644
Bonds and shares	2,364	9,563	35,418	6,031	6,099	5,631
Other assets	23,726	11,625	12,439	9,111	13,392	11,339
<b>Total assets</b>	<b>238,863</b>	<b>218,044</b>	<b>242,532</b>	<b>203,423</b>	<b>199,869</b>	<b>187,614</b>
<b>Liabilities and equity</b>						
Issued bonds	228,736	206,637	230,310	193,027	190,016	179,016
Subordinate loan capital	2,604	2,600	2,600	2,601	2,597	2,602
Other liabilities	2,574	3,984	4,799	3,067	2,613	2,423
Equity incl profit for the period	4,949	4,823	4,823	4,728	4,643	3,573
<b>Total liabilities and equity</b>	<b>238,863</b>	<b>218,044</b>	<b>242,532</b>	<b>203,423</b>	<b>199,869</b>	<b>187,614</b>

The opening balance sheet at 1 January 2005 has been stated incl value adjustments as a result of the implementation of new accounting policies.

Balance sheet figures for previous periods have not been restated.