

To the Copenhagen Stock Exchange and  
the press

18 August 2004

**Interim Report 2004**  
**Totalcredit A/S**  
**(1 January - 30 June 2004)**

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## Totalkredit A/S - Financial highlights

<b>CORE EARNINGS AND NET PROFIT FOR THE PERIOD</b> (DKKm)	<b>H1/ 2004</b>	H1/ 2003	FY 2003
<b>Core income from:</b>			
- Lending	<b>284</b>	265	506
- Securities	<b>71</b>	70	130
<b>Total</b>	<b>355</b>	335	636
Operating costs, depreciation and amortisation	<b>97</b>	71	144
<b>Core earnings before write-offs and interest payable on subordinate loan capital</b>	<b>258</b>	<b>264</b>	<b>492</b>
Write-offs and provisions for bad and doubtful debts	<b>41</b>	49	1
Interest payable on subordinate loan capital	<b>217</b>	215	92
<b>Core earnings</b>	<b>217</b>	215	399
Investment portfolio income	<b>31</b>	62	95
Costs related to merger	<b>248</b>	277	21
<b>Profit on ordinary activities before tax</b>	<b>248</b>	277	473
Tax	<b>74</b>	77	132
<b>Net profit for the period</b>	<b>174</b>	200	341

## BALANCE SHEET

(DKKm)

<b>Assets</b>			
Balances due from credit institutions	<b>13,222</b>	11,515	8,073
Loans and advances	<b>180,421</b>	150,259	162,084
Bonds and shares	<b>6,099</b>	6,000	6,118
Other assets	<b>127</b>	110	101
<b>Total assets</b>	<b>199,869</b>	167,884	176,376
<b>Liabilities and equity</b>			
Issued bonds	<b>190,016</b>	159,730	168,042
Other liabilities	<b>2,613</b>	2,230	2,264
Subordinate loan capital	<b>2,597</b>	2,595	2,601
Capital and reserves (incl net profit for the period)	<b>4,643</b>	3,329	3,469
<b>Total liabilities and equity</b>	<b>199,869</b>	167,884	176,376

## Key ratios

Net profit for the period as a % pa of average capital and reserves	8.6	12.4	10.3
Core earnings before write-offs and interest payable on subordinated loan capital as a % pa of average capital and reserves	10.7	12.7	14.9
Costs as a % of core income	27.3	21.2	22.6
Capital adequacy ratio	9.8	9.7	9.4
Core capital ratio	6.2	5.3	5.4

## Interim Report H1/2004

### Summary of the performance in H1/2004

Totalkredit A/S's performance in H1/2004 can be summarised as follows:

- *Profit before tax was DKK 248m against DKK 277m in H1/2003.*
- *Core earnings posted DKK 217m against DKK 215m in H1/2003.*
- *Investment portfolio income amounted to DKK 31m against DKK 62m in H1/2003.*
- *Gross lending totalled DKK 43.6bn against DKK 44.8bn in the same period last year.*
- *The loan portfolio had grown to DKK 180bn at the end of H1 compared with DKK 162bn at the beginning of the year.*

### Results

Realised results as well as the development in the loan stock were satisfactory.

Total core income came to DKK 355m in H1/2004 compared with DKK 335m in the same period the year before of which DKK 284m related to lending and DKK 71m to securities.

Operating costs including depreciation and amortisation amounted to DKK 97m against DKK 71m in 2003. The rise in costs can mainly be attributed to IT expenses but also to activities aimed at strengthening Totalkredit's future position in the market place.

Interest payable on subordinate loan capital was DKK 41m against DKK 49m in H1/2003.

Core earnings subsequently amounted to DKK 217m against DKK 215m the year before.

In H1 investment portfolio income comprising the return on Totalkredit's own portfolio after risk-free returns and administration costs was DKK 31m against DKK 62m in H1/2003.

Profit on ordinary activities before tax totalled DKK 248m.

Tax on profit for the period of DKK 74m has been charged to the profit and loss account.

Profit after tax for the period was DKK 174m against DKK 200m in H1/2003.

## **Write-offs and provisions**

Total write-offs and provisions for H1/2004 were a small income.

## **Lending**

In H1/2004 gross lending totalled DKK 43.6bn. In comparison, gross lending in H1/2003 was DKK 44.8bn.

Gross lending in H1/2004 breaks down into 62% of adjustable-rate loans and 38% of fixed-rate loans. Interest-only loans accounted for nearly 44% of total gross lending.

In H1/2004 the loan portfolio grew by DKK 18.0bn to a total of DKK 180bn. Lending at the end of the period breaks down into 39% of adjustable-rate loans and 61% of fixed-rate loans. Interest-only loans accounted for approximately 14% of lending.

## **Capital and capital adequacy**

Totalkredit's capital and reserves excluding net profit for the period stood at DKK 4,469m against DKK 3,469m at the beginning of the year. The capital was increased by DKK 1,000m on 1 April 2004.

Subordinated loan capital amounted to DKK 2,598m.

At 30 June 2004 the capital base after deductions totalled DKK 7,066m equal to a capital adequacy ratio of 9.8 where the statutory minimum requirement is 8.

## **Outlook for 2004**

Because of the high lending activity in H1/2004, the forecasts of gross and net new lending for 2004 have been revised from gross lending of DKK 50bn to gross lending of DKK 75–80bn and net new lending of DKK 25bn to net new lending of DKK 34–36bn.

In the Annual Report for 2003 and the latest Quarterly Report, Totalkredit forecast lower core earnings in 2004 than in 2003. On account of the higher lending activity, core earnings in 2004 are expected to slightly outperform 2003.

Taastrup, 18 August 2004  
Board of Directors of Totalkredit A/S

**Totalkredit A/S - Accounts at 30 June 2004**

<b>CORE EARNINGS AND NET PROFIT FOR THE PERIOD</b> (DKKm)	<b>Q2 2004</b>	<b>Q1 2004</b>	<b>Q4 2003</b>	<b>Q3 2003</b>	<b>Q2 2003</b>
<b>Core income from:</b>					
- Lending	147	137	115	124	130
- Securities	38	33	31	29	33
<b>Total</b>	<b>185</b>	<b>170</b>	<b>146</b>	<b>153</b>	<b>163</b>
Operating costs, depreciation and amortisation	52	45	43	51	38
<b>Core earnings before write-offs and interest payable on subordinate loan capital</b>	<b>133</b>	<b>125</b>	<b>103</b>	<b>102</b>	<b>125</b>
Write-offs and provisions for bad and doubtful debts	0	0	1	0	(1)
Interest payable on subordinated loan capital	20	21	21	21	24
<b>Core earnings</b>	<b>113</b>	<b>104</b>	<b>81</b>	<b>81</b>	<b>102</b>
Investment portfolio income	(13)	44	26	7	40
<b>Profit on ordinary activities before tax</b>	<b>100</b>	<b>148</b>	<b>107</b>	<b>88</b>	<b>142</b>
Tax	30	44	28	27	37
<b>Net profit for the period</b>	<b>70</b>	<b>104</b>	<b>79</b>	<b>61</b>	<b>105</b>

**DKKm**

<b>BALANCE SHEET</b>	<b>Q2 2004</b>	<b>Q1 2004</b>	<b>Q4 2003</b>	<b>Q3 2003</b>	<b>Q2 2003</b>
<b>Assets</b>					
Balances due from credit institutions	13,222	11,117	8,073	12,597	11,515
Loans and advances	180,421	170,685	162,084	156,236	150,259
Bonds and shares	6,099	5,631	6,118	5,317	6,000
Other assets	127	181	101	121	110
<b>Total assets</b>	<b>199,869</b>	<b>187,614</b>	<b>176,376</b>	<b>174,271</b>	<b>167,884</b>
<b>Liabilities and equity</b>					
Issued bonds	190,016	179,016	168,042	166,027	159,730
Other liabilities	2,613	2,423	2,264	2,260	2,230
Subordinate loan capital	2,597	2,602	2,601	2,594	2,595
Capital and reserves (incl net profit for the period)	4,643	3,573	3,469	3,390	3,329
<b>Total liabilities and equity</b>	<b>199,869</b>	<b>187,614</b>	<b>176,376</b>	<b>174,271</b>	<b>167,884</b>

## Totalkredit A/S - Accounts at 30 June 2004

### Accounting policies

The Accounts have been prepared in accordance with the executive order of the Danish Financial Supervisory Authority on the presentation of mortgage bank accounts. The accounting policies applied are consistent with those applied in the Annual Report for 2003. The Accounts have not been audited.

### Profit and loss account for 1 January to 30 June 2004

Note	2004 DKK 1,000	2003 DKK 1,000
1 Interest receivable	4,484,164	4,266,297
2 Interest payable	3,980,912	3,826,431
<b>Net income from interest</b>	<b>503,252</b>	<b>439,866</b>
Dividend from equity investments	1,645	1,659
Fees and commissions receivable	169,546	147,074
Fees and commissions payable	359,529	281,490
<b>Net income from interest and fees</b>	<b>314,914</b>	<b>307,109</b>
3 Value adjustments	30,640	40,541
Other operating income	60	108
4 Staff costs and administrative expenses	96,003	68,637
Depreciation and write-downs on tangible assets	1,355	2,020
Write-offs and provisions for bad and doubtful debts	(75)	(5)
Profit from investments in associated undertakings	0	0
<b>Profit on ordinary activities before tax</b>	<b>248,331</b>	<b>277,106</b>
5 Tax	74,357	76,730
<b>Net profit for the period</b>	<b>173,974</b>	<b>200,376</b>



## Totalkredit A/S - Accounts at 30 June 2004

### Notes

	<b>2004</b> <b>DKK 1,000</b>	<b>2003</b> <b>DKK 1,000</b>
<b>1 Interest receivable:</b>		
Balances due from credit institutions	54,023	79,504
Loans and advances	3,922,822	3,734,213
Administration margin (interest margin on lending)	415,090	346,115
Bonds		
- Government bonds	6,349	0
- Own mortgage bonds	74,685	87,478
- Other mortgage bonds	10,657	16,935
Derivative financial instruments		
- Interest rate contracts	538	2,052
<b>Total</b>	<b>4,484,164</b>	<b>4,266,297</b>
<b>2 Interest payable:</b>		
Credit institutions	1	2
Issued bonds	3,939,598	3,776,934
Subordinate loan capital	41,311	49,495
Other interest payable	2	0
<b>Total</b>	<b>3,980,912</b>	<b>3,826,431</b>
<b>3 Value adjustments</b>		
Bonds		
- Government bonds	(6,095)	
- Own mortgage bonds	37,259	21,600
- Other mortgage bonds	(3,667)	(2,970)
<b>Total bonds</b>	<b>27,497</b>	<b>18,630</b>
Shares	476	20,723
Derivative financial instruments		
- Foreign exchange contracts	2,733	1,879
- Interest rate contracts	(66)	(691)
<b>Total</b>	<b>30,640</b>	<b>40,541</b>

## Totalkredit A/S - Accounts at 30 June 2004

### Notes

	2004 DKK 1,000	2003 DKK 1,000
<b>4 Staff costs and administrative expenses</b>		
Salaries and remuneration to the Board of Directors, the Executive Board and Cooperation Board		
- Executive Board	2,788	2,610
- Board of Directors	454	600
<b>Total</b>	<b>3,242</b>	<b>3,210</b>
Staff costs		
- Wages	14,431	12,932
- Pensions	1,369	1,279
- Social security costs	1,803	1,600
<b>Total</b>	<b>17,603</b>	<b>15,811</b>
<b>Other administrative expenses</b>	75,158	49,616
<b>Total</b>	<b>96,003</b>	<b>68,637</b>
<b>5 Tax</b>		
As at 30.06.2004 the effective tax rate was 29.9%. The difference to the current corporation tax rate of 30 can be explained by permanent differences in the value adjustment of shares. As at 30.06.2004 the company had paid tax on account of a total of DKK 93.0m.		
<b>6 Balances due from credit institutions and central banks</b>		
Balances due from credit institutions	13,221,823	11,514,695
<b>Total</b>	<b>13,221,823</b>	<b>11,514,695</b>
<b>7 Loans and advances</b>		
- Mortgage loans	180,378,115	150,221,147
- Balances due on loans in non-foreclosed properties	40,372	35,170
- Other loans and advances	2,340	2,340
<b>Total</b>	<b>180,420,827</b>	<b>150,258,657</b>
<b>Mortgage loans</b>		
- Balance, beginning of year	162,045,668	130,599,817
- New loans	43,774,658	45,698,184
- Ordinary payments	1,769,670	1,553,272
- Redemptions and extraordinary payments	23,672,141	24,522,847
	<b>180,378,515</b>	150,221,882
- Loans transferred relating to properties temporarily foreclosed		735
- Provisions for loans and advances	400	0
<b>Total</b>	<b>180,378,115</b>	<b>150,221,147</b>

## Totalkredit A/S - Accounts at 30 June 2004

### Notes

	2004 DKK 1,000	2003 DKK 1,000
<b>8 Other assets</b>		
Positive market value of derivative financial instruments	108	0
Interest and commissions receivable from loans and advances	21,957	19,973
Interest receivable from bonds and credit institutions	75,321	80,643
Other assets	23,943	4,127
<b>Total</b>	<b><u>121,329</u></b>	<b><u>104,743</u></b>
<b>9 Issued bonds</b>		
Balance, beginning of year	168,041,844	138,314,911
Additions	43,779,762	45,698,184
Bonds drawn and cancelled	11,791,159	19,896,692
Redemptions and extraordinary payments	10,014,714	4,386,546
<b>Total</b>	<b><u>190,015,733</u></b>	<b><u>159,729,857</u></b>
<b>10 Other liabilities</b>		
Negative market value of derivative financial instruments	14,029	19,666
Interest payable on issued mortgage bonds	2,524,026	2,017,422
Other liabilities	75,099	192,697
<b>Total</b>	<b><u>2,613,154</u></b>	<b><u>2,229,785</u></b>
<b>11 Subordinate loan capital</b>		
<p>Subordinate loan capital comprises 2 loans which have been recognised in the capital base. The first loan of a total of EUR 150m was raised in May 2001. The second loan of a total of EUR 200m was raised in December 2002. Both loans are adjustable-rate loans and have maximum maturities of 8 years. The exchange rate risk is hedged via currency swaps.</p>		
<b>12 Equity</b>		
<p>Totalkredit's share capital comprises 5,357,801 shares of DKK 100. The shares have not been divided into share classes. Other reserves totalling DKK(1,000) 2,219,570 consist of undistributable securities reserves totalling DKK(1,000) 1,420,401 and other reserves totalling DKK(1,000) 799,169.</p>		
<b>13 Off-balance sheet items</b>		
<b>Guarantees:</b>		
Financial guarantees	122	106
<b>Total</b>	<b><u>122</u></b>	<b><u>106</u></b>
<b>Other liabilities:</b>		
Other liabilities	34,299	27,960
<b>Total</b>	<b><u>34,299</u></b>	<b><u>27,960</u></b>

**Totalkredit A/S - Accounts at 30 June 2004**

***Capital adequacy at 30 June (excl net profit for the period)***

	<b>2004</b>	<b>2003</b>
	<b>DKK 1,000</b>	<b>DKK 1,000</b>
Core capital after deductions	4,468,556	3,128,233
Capital base and short-term supplementary capital after deductions	7,066,114	5,723,452
Weighted items not included in the trading portfolio, including off-balance sheet items	71,430,224	57,964,567
Weighted items with market risk	571,542	887,437
<b>Total weighted items</b>	<b>72,001,766</b>	<b>58,852,004</b>
<b>Capital adequacy ratio stated as:</b>		
Capital base	9.8%	9.7%
Share of core capital	6.2%	5.3%

***Key ratios for H1***

	2004	2003	2002	2001	2000
Capital adequacy ratio	9.8	9.7	9.1	11.2	10.4
Core capital ratio	6.2	5.3	6.5	7.2	7.8
Return on equity before tax	6.1	8.6	5.7	4.7	-0.6
Return on equity after tax	4.3	6.2	4.1	3.6	-0.6
Income/cost ratio	3.55	4.92	3.62	3.06	0.77
Accumulated provisions ratio	0.0	0.0	0.0	0.0	0.0
Write-offs and provisions for the period	0.0%	0.0%	0.0%	0.0%	0.0%
Growth in loans and advances for the period (%)	11.3	15.0	10.7	9.7	6.9
Loans and advances relative to capital and reserves	38.8	45.1	39.2	37.2	36.9