

Collateralized Mortgage Obligations Denmark A/S

Preliminary announcement of results for 2007

Collateralized Mortgage Obligations Denmark A/S' pre-tax profit for 2007 came to DKK 419,000 while the post-tax profit stood at DKK 314,000.

Financial highlights					
(DKK '000)	2003	2004	2005	2006	2007
Profit and loss account					
Net interest income	1,299	1,215	622	637	812
Securities and foreign exchange result	564	279	624	57	15
Profit before expenses	1,863	1,494	1,246	694	827
Staff and administrative expenses	1,679	1,092	979	501	408
Profit before tax	184	402	267	193	419
Tax	54	120	75	54	105
Profit for the year	130	282	192	139	314
Balance sheet at 31 December					
Bonds	1,435,004	1,124,174	422,586	289,549	254,055
Total assets	1,472,901	1,157,158	444,256	309,280	273,330
Liabilities	1,436,086	1,124,977	422,765	289,670	254,162
Debt	1,456,974	1,141,061	428,249	293,338	257,465
Shareholders' funds	15,927	16,128	16,007	15,942	15,865
Key Figures					
Dividend	81	313	204	391	514
Equity Ratio	1.08%	1.39%	3.60%	5.15%	5.80%
Return on Equity	0.81%	1.76%	1.19%	0.87%	1.97%
Employees	0	0	0	0	0

Review of activities in 2007

Collateralized Mortgage Obligations Denmark A/S began its activities in 1997 with the first purchase of mortgage bonds and the issue of collateralized mortgage obligations (CMOs), in the form of secured notes listed on the Copenhagen Stock Exchange.

As of 31 December 2007 the company had launched the following issues of which only the sixth issue had an outstanding balance as of 31 December 2007:

1997:	First issue on 20 February:	DKK 1,700,000,000 nom.
	Second issue on 10 July:	DKK 1,400,000,000 nom.
	Third issue on 21 August:	DKK 3,250,000,000 nom.
1998:	Fourth issue on 29 January:	DKK 1,500,000,000 nom.
	Fifth issue on 23 April:	DKK 1,350,000,000 nom.
1999:	Sixth issue on 18 February:	DKK 1,500,000,000 nom.
2000:	Seventh issue on 17 February:	DKK 1,567,496,000 nom.

CMOs are bonds backed by a pool of mortgage bonds. The mortgage bonds' characteristics in terms of credit risk, interest rate risk, prepayment risk and maturity are reallocated to the various tranches to meet specific investor preferences. Collateral principal cash flows are redistributed to the notes issued in accordance with a predetermined principle of redemption, where all redemptions of the collateral are matched by redemptions of the notes. Similarly, collateral interest cash flows are redistributed to the notes issued in accordance with a predetermined principle, provided, however, that the average coupon of the notes is lower than that of the mortgage bonds, to enable the company to defray administrative expenses etc.

Each pool of mortgage bonds as well as the pertaining cash accounts and fixed deposits are pledged to the holders of notes issued on the back of the relevant portfolio.

The company cannot sell the mortgage collateral. Claims by noteholders are limited exclusively to the assets pledged.

The company's activities focus on the issuance of CMOs backed by mortgage bonds. In this context, the company is to ensure compliance with the predetermined principles of redistribution, as set out in the offering circulars prepared in connection with each issue of notes, and to invest surplus cash.

The outstanding volume of notes is reduced gradually as the mortgage bonds are drawn for redemption or when Structured Finance Servicer A/S exercises its option to purchase the collateral. This option is exercisable only when the portfolio of a group of mortgage bonds (the collateral group) constitutes less

than a predefined share of the portfolio originally acquired. At 31 December 2007 the individual collateral groups constituted the following shares of the portfolio originally acquired (the percentages which render the option exercisable are stated in parenthesis):

Collateral group 8, sixth issue 17.34% (10%)

The company has in connection with the issue of CMO's entered into a number of agreements. With the parent company, the company has entered into an agreement with The Law Debenture Trust Corporation p.l.c., which represents the noteholders. This agreement limits the company's activities and the distribution of dividend to the parent company.

Furthermore, the company has entered into an agreement with Structured Finance Servicer A/S, a wholly-owned subsidiary of Nordea Bank Danmark A/S, on the provision of all administrative services.

Risk

The company has no material uncovered financial risks as the collected risks related to the company's investment activities are transferred to the bond investors. The risk related to the investment of the company's equity is estimated to be limited.

Future developments

On 1 January 2008 a total of 1.84% of the mortgage collateral at 31 December 2007 was drawn for redemption and the company therefore redeemed a corresponding portion of the notes outstanding. Moreover, the company has been informed that on 1 April 2008 a total of 2.29% of the mortgage collateral will be drawn for redemption and the company will therefore redeem a corresponding portion of the notes.

Following the reduction of the company's total assets the net interest income in 2008 is expected to decline together with decreased administrative expenses. The profit for 2008 is expected to be positive on level with that posted for 2007. Additional issues in 2008 are expected to have a positive effect on the company's profit performance.

Annual General Meeting

The Supervisory Board will propose to the Annual General Meeting that a dividend of DKK 65.17 per share of DKK 1,000 be paid for 2007.

The Annual General Meeting will be held on 26 March 2008 at Strandgade 3, Copenhagen.

The Supervisory Board has decided that no quarterly reports will be published after the first and third quarters of the financial year as such interim reports are not deemed to be of significance to the public owing to the nature of the company's activities.

The company expects to announce its half-year results on 20 August 2008.

Copenhagen, 11 March 2008

Supervisory Board

Profit and loss account

(DKK '000)	Note	2006	2007
Interest receivable	1	16,844	14,150
Interest payable	2	16,207	13,338
Net interest income		637	812
Securities and foreign exchange result	3	57	15
Staff and administrative expenses	4	501	408
Profit before tax		193	419
Tax	5	54	105
Profit for the year		139	314

Distribution of profit

Amount available for distribution:

Profit for the year	139	314
Retained profits	252	200
Total amount available for distribution	391	514

The amount will be distributed as follows:

Retained profits	-	-
Dividend	391	514
Total distribution of amount available	391	514

Balance sheet

(DKK '000)	Note	2006	2007
Assets			
Balance due from credit institutions and central banks		16,031	16,039
Bonds	6	289,549	254,055
Other assets	7	3,700	3,236
Total assets		309,280	273,330
Liabilities			
Notes in issue	8	289,670	254,162
Other liabilities	9	3,668	3,303
Shareholders' funds:			
Share capital		6,000	6,000
Share premium account		6,000	6,000
Profit retained		3,551	3,351
Dividend proposed		391	514
Total shareholders' funds		15,942	15,865
Total liabilities		309,280	273,330
Contingent liabilities	10		
Notes without references	11-12		

Shareholder's funds

(DKK '000)	2006	2007
Share capital at 1 January *	6,000	6,000
Share capital at 31 December	6,000	6,000
Share premium account at 1 January	6,000	6,000
Share premium account at 31 December	6,000	6,000
Retained profits at 1 January	4,007	3,942
Dividend paid	- 204	- 391
Retained profit for the year	- 252	- 200
Dividend proposed	391	514
Retained profits at 31 December	3,942	3,865
Total shareholders' funds at 31 December	15,942	15,865

* The share capital constitutes of 6,000 shares at 1,000 kr. each

Cash flow statement

(DKK '000)	2006	2007
Cash flow statement		
Operating activities		
Profit for the year before tax	193	419
Tax paid	- 75	- 54
Realised capital gains (net)	- 57	- 15
Prepayments and deferred income (net)	14	-
Accrued interest (net)	150	39
Working capital		
Redemption of issued notes	- 139,223	- 37,192
Redemption of acquired mortgage bonds	139,223	37,192
Other liabilities (excluding accrued interest)	- 210	10
Net cash flow from working capital	15	399
Financing		
Dividend paid	- 204	- 391
Net cash outflow from financing	- 204	- 391
Increase/decrease in cash and cash equivalents	- 189	8
Cash and cash equivalents at 1 January	16,220	16,031
Cash and cash equivalents at 31 December	16,031	16,039

Notes

(DKK '000)	2006	2007
Note 1 Interest receivable		
Interest on balance due from credit institutions and central banks	424	572
Interest on bonds	16,420	13,578
Total interest receivable	16,844	14,150
Note 2 Interest payable		
Interest on notes in issue	16,207	13,338
Total interest payable	16,207	13,338
Note 3 Securities and foreign exchange result		
Realised capital gains on issued mortgage bonds (net)	6,008	1,605
Realised capital losses on CMOs (net)	5,951	1,590
Total revaluation of bonds	57	15
Note 4 Staff and administrative expenses		
Salaries and emoluments to the Supervisory Board	47	44
Other administrative expenses	454	364
Total staff and administrative expenses	501	408
<p>Other administrative expenses include DKK 63,000 (2006: DKK 66,000) in remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit. DKK 11,000 has been paid for services other than the statutory audit (2006: DKK 52,000).</p>		
Note 5 Tax		
Estimated tax on the year's income	54	105
Deferred tax	-	-
Total tax	54	105

Tax on profit for the year

Tax on operating profit can be explained as follows:

25% calculation (2006: 28%) of operating profit before tax	54	105
Other deviations	-	-
Total Tax	54	105
Tax percentage	28%	25%

The company and all subsidiaries under Collateralized Mortgage Obligations Denmark Fonden are taxed on a pooled basis. Corporation tax is charged to the companies in proportion to their taxable income (full distribution).

Note 6	Bonds	Interest income	Book value	Interest income	Book value
	Acquired in connection with:				
	Sixth issue on 18 February 1999	16,420	289,549	13,578	254,055
	Total bonds	16,420	289,549	13,578	254,055

At 31 December 2007 the nominal value of the company's portfolio of mortgage bonds totalled DKK 260,156,000 (2006: DKK 297,348,000). The bonds serve as collateral for the company's obligations under the CMOs issued in connection with the bond purchases. At 31 December 2007 the market value of bonds totalled DKK 257,980,000 (31 December 2006: 299,821,000).

Note 7	Other assets				
	Interest receivable		3,700		3,236
	Total other assets		3,700		3,236

Note 8	Notes in issue	Interest expense	Book value	Interest expense	Book value
	Consist of the following:				
	Sixth issue on 18 February 1999	16,207	289,670	13,338	254,162
	Total bonds in issue	16,207	289,670	13,338	254,162

The CMOs outstanding mature as the underlying mortgage bonds are drawn for redemption. The maturity therefore depends on the prepayment rates for the mortgage bonds. The maturities below have been calculated assuming no prepayment activity after 1 April 2008. It has also been assumed that the company receives a proportionate share of overall redemptions. The below specification has been prepared in nominal values.

Maturing within 1 year	19,259	10,174
Maturing between 1 year and 5 years	33,354	32,458
Maturing after 5 years	244,735	217,524
Total	297,348	260,156

The issued bonds (CMO's) are listed at Copenhagen Stock Exchange. At 31 December 2007 the market value of bonds totalled DKK 257,089,000 (2006: DKK 299,074,000).

The bonds are issued without any direct interest against Collateralized Mortgage Obligations Denmark A/S. The noteholders have only recourse to the security, which consists of the underlying collateral and the proceeds thereof.

Note 9 **Other liabilities**

Interest payable	3,380	2,955
Tax payable	54	105
Other	234	243
Total other liabilities	3,668	3,303

Note 10 **Contingent liabilities**

Together with all subsidiaries under Collateralized Mortgage Obligations Denmark Fonden the company is jointly and severally liable for any tax on income taxed on a pooled basis for 2005 and earlier years.

Note 11 **Closely related parties**

Parties closely related to the company include Collateralized Mortgage Obligations Denmark Fonden and its subsidiaries as well as the Supervisory Board and Management Board of the company. Related party transactions take place on market terms. Apart from the emoluments to the Supervisory Board, no transactions with the Supervisory Board or the Management Board have been carried out during the year, and no major transactions have otherwise been effected with parties closely related to the company in 2007.

(DKK '000)

Note 12 **Financial risks**

As regards the company's major financial assets and liabilities at 31 December 2007 the below contractual review or maturity dates apply, depending on whichever comes first:

DKKm	Review/maturity date*			of which fixed-rate	Yield %
	0-1 year	1-5 years	> 5 years		
Balances due from credit institutions etc.	16.0	-	-	-	3.50%
Bonds, nominal value	10.2	32.5	217.5	260.2	6.00%
Other assets	3.2	-	-	3.2	-
Bonds in issue, nominal value	- 10.2	- 32.5	- 217.5	- 260.2	5.90%
Other liabilities	- 3.0	-	-	- 3.0	-
Total	16.2	-	-	0.2	-

* assuming no prepayments.

The company has no currency positions in relation to existing or expected future financial assets or liabilities. Derivatives are not employed at present.