

Kalmar Structured Finance A/S

Preliminary announcement of results for 2008

Kalmar Structured Finance A/S' pre-tax profit for 2008 came to DKK 514,000 while the post-tax profit stood at DKK 385,000.

Financial highlights					
(DKK '000)	2004	2005	2006	2007	2008
Profit and loss account					
Net interest income	424	854	1,165	1,395	1,210
Securities and foreign exchange result	-	-	-	-	-
Profit before expenses	424	854	1,165	1,395	1,210
Staff and administrative expenses	164	421	598	723	696
Profit before tax	260	433	567	672	514
Tax	55	121	159	168	129
Profit for the year	205	312	408	504	385
Balance sheet at 31 December					
Deposits	327,276	1,019,614	1,363,040	1,039,635	1,003,354
Total assets	355,629	1,080,168	1,542,349	1,374,688	1,436,413
Liabilities	327,276	1,09,614	1,447,042	1,110,581	1,060,795
Debt	345,330	1,069,837	1,531,863	1,364,134	1,425,924
Shareholders' funds	10,299	10,331	10,486	10,554	10,489
Key Figures					
Dividend	280	253	436	450	400
Equity Ratio	2.90%	0.96%	0.68%	0.77%	0.73%
Return on Equity	1.98%	3.02%	3.92%	4.79%	3.66%
Employees	0	0	0	0	0

Activities in 2008

Kalmar Structured Finance A/S began its activities in 1995 with the first purchase of mortgage bonds and the issue of collateralized mortgage obligations (CMOs), in the form of secured notes listed on NASDAQ OMX Copenhagen A/S. The last outstanding CMO's were redeemed in connection with the payment date in October 2002.

The company was without activity until the company on 8 June 2004 resumed activity by issuing Credit Linked Notes (CLN), in the form of secured notes listed on NASDAQ OMX Copenhagen A/S. As of 31 December 2008 the company has executed the following CLN issues:

Date of Issue	Currency	Amount, nom.
1st issue 08.06.2004	EUR	44,000,000
2nd issue 03.05.2005	EUR	22,500,000
	NOK	80,000,000
	SEK	130,000,000
3rd issue 31.10.2005	EUR	24,460,000
	SEK	205,000,000
4th issue 15.12.2006	EUR	56,350,000

The issued notes have been rated by Moody's Intestors Service Limited. On 31 December 2008 the ratings were as shown in below tables. These ratings differ from the ratings assigned to the tranches on the time of issue, as the ratings have been negatively affected by the present situation in the credit market and the Credit Events mentioned below.

CLN II	Rating
Class A	Ba3
Class B1	B3
Class B2	B3
Class C	Caa3
Class D	-

CLN III	Rating
Class A1	Ba3
Class A2	Ba3
Class B1	Caa1
Class B2	Caa1
Class C	Caa3
Class D	-

CLN IV	Rating
Class A	Ca

Concurrent with issuance of CLNs the company entered into a Credit Default Swap (CDS) with Nordea Bank Finland Plc (swap counterparty), under which the company acquired a credit risk on a portfolio of underlying bonds. This credit risk has been transferred directly to the CLNs issued so that all payments to the swap counterparty will result in a corresponding reduction of the principal of the CLNs issued, starting with the lowest-ranking tranche. The proceeds from the bonds issued were credited to pledged deposit accounts with Nordea Bank Danmark A/S as security for the obligations assumed under the CDS agreement. All payments to the swap counterparty will reduce the credit balance of the deposit accounts.

The CDS pays a current as well as a fixed quarterly premium to the company. The fixed premium is independent of the CDS principal. Similarly, the company receives quarterly interest on the deposit accounts pledged. Only the current premium from the CDS and the interest from the deposit accounts pledged are

applied to pay interest on the CLNs issued. Accordingly, the company is able to defray its administration costs etc.

In connection with the issuance of CLN IV the proceeds from the bonds issued together with an upfront payment received from the Credit Default Swap were used partly to enter into a zero-coupon swap (approx. 69% of the proceeds) and partly to purchase an “Interest Only” CLN (approx. 31% of the proceeds). At the maturity date of CLN IV the company will receive from the zero-coupon swap an amount equal to the principal needed to redeem the issued CLN IV (or make payments to the CDS counterparty in case of outstanding liabilities hereto). Payments (interests and redemptions) from the purchased “Interest Only” CLN will be used as payable interests on the issued CLN IV.

The CDS agreements concluded and the purchased “Interest Only” CLN together with the associated return accounts of the issues have been pledged in favour of the bond investors. The deposit accounts together with the zero-coupon swap have been pledged in favour of the swap counterparty ranking first and the bond investors ranking second. Bond investors are only entitled to make claims against the assets pledged.

In 2008 Credit Events occurred for the first time on a few names in the underlying portfolios of bonds related to the CDS agreements. A Credit Event, for example a default or a restructuring (please see the published Offering Circulars for each issuance of notes for the exact terms and conditions), is an event that triggers a payment to the swap counterparty to compensate the credit loss.

As of 31 December 2008 Credit Events had occurred on the following names here related to the transaction/transactions each Credit Event affects:

Company	CLN II	CLN III	CLN IV
Freddie Mac		x	x
Fannie Mae		x	x
Washington Mutual	x	x	
Glitnir			x
Tribune Company		x	

It is different from transaction to transaction how long time it takes from the occurrence of a Credit Event until the credit loss can be determined.

In relation to CLN II the credit loss was determined finally on 20 January 2009 with cash settlement on 3 February 2009. In relation to CLN III only the Credit Event on Tribune Company will result in a loss as the other three Credit Events were covered by an embedded buffer in the CDS agreement. The credit loss on Tribune Company will be determined on 25 March 2009 with cash settlement on 8 April 2009. Similarly, the three Credit Events in CLN IV were covered by an embedded buffer in the CDS agreement.

As a consequence, the principals of the CLNs issued were unchanged as of 31 December 2008.

Furthermore, the "Interest Only" part of CLN IV in the form of the purchased "Interest Only" CLN was hit by a number of Credit Events in the underlying assets:

Company	IO CLN
Freddie Mac	x
Fannie Mae	x
Lehman Brothers Holding	x
Washington Mutual	x
Landsbanki Islands	x
Glitnir	x
Kaupthing	x

These Credit Events have not and will not affect the principal on the issued CLN IV notes. On the other hand, the interest to be paid on CLN IV will be affected as the interest to be received by the company from the "Interest Only" CLN will be reduced. The interests from "Interest Only" CLN will be passed through as interest to CLN IV, which means that reduced interests from "Interest Only" CLN will result in similar reduced interests to CLN IV.

Furthermore, the company 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 20 January 2009 the credit loss on Washington Mutual Inc. in relation to CLN II was determined to EUR 491,400 equal to approximately DKK 3,662,000. As a result, the nominal principal of Class D notes II was written down with EUR 491,400 to EUR 5,508,600 on 3 February 2009. At the same time, the balance on EUR Deposit II was reduced with a similar amount that was paid to the swap counterparty.

Furthermore, it is expected that a credit loss will be realised on Tribune Company related to CLN III when the loss is finally determined on 25 March 2009. On 8 April this will result in a write-down of the nominal principal amount of the affected tranche/tranches, as well as a similar amount will be paid from the EUR Deposit III to the swap counterparty.

As mentioned under "Activities" the interests to be received from "Interest Only" CLN in the fourth transaction are expected to be reduced as a result of the listed Credit Events. Also, it is possible that other Credit Events can occur, which again will further reduce the interests from "Interest Only" CLN and correspondingly, will reduce the interests to the CLN IV investors. It is uncertain how much the interests from the "Interest Only" CLN will be reduced following the Credit Events but the accrued interests from "Interest On-

ly” CLN has been reduced by 50 percentages and the accrued interests to CLN IV has been reduced correspondingly.

It is uncertain if more Credit Events in the underlying portfolios will occur in 2009 and also, if more Credit Events should occur, it is uncertain how much they will affect the principal on the issued notes or the return on CLN IV. The result for the company will, however, not be affected by the Credit Events as the credit risks acquired via the swap agreements and ”Interest Only” CLN are fully reflected in the issued notes. The result for 2009 is expected to be positive, though on a lower level than that posted for 2008.

Additional issues in 2009 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 80.00 per share of DKK 1,000 be paid for 2008.

The Annual General Meeting will be held on 2 April 2009 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 28 August 2009.

Copenhagen 24 March 2009

Supervisory Board

Profit and loss account

(DKK '000)	Note	2007	2008
Interest receivable	1	90,870	92,494
Interest payable	2	89,475	91,284
Net interest income		1,395	1,210
Securities and foreign exchange result	3	-	-
Staff and administrative expenses	4	723	696
Profit before tax		672	514
Tax	5	168	129
Profit for the year		504	385

Distribution of profit

Amount available for distribution:

Profit for the year	504	385
Retained profits	-	15
Total amount available for distribution	504	400

The amount will be distributed as follows:

Retained profits	54	-
Dividend proposed	450	400
Total distribution of amount available	504	400

Balance sheet

(DKK '000)	Note	2007	2008
Assets			
Balance due from credit institutions and central banks	6	1,039,635	1,003,354
Derivatives	7	326,637	428,332
Other assets	8	8,416	4,727
Total assets		1,374,688	1,436,413
Liabilities			
Notes in issue	9	1,110,581	1,060,795
Derivatives	10	244,189	359,051
Other liabilities	11	9,364	6,078
Shareholders' funds:			
Share capital		5,000	5,000
Share premium account		4,997	4,997
Profit retained		107	92
Dividend proposed		450	400
Total shareholders' funds		10,554	10,489
Total liabilities		1,374,688	1,436,413
Notes without references	12-13		

Shareholder's funds

(DKK '000)	2007	2008
Share capital at 1 January *	5,000	5,000
Share capital at 31 December	5,000	5,000
Share premium account at 1 January	4,997	4,997
Share premium account at 31 December	4,997	4,997
Retained profits at 1 January	489	557
Dividend paid	- 436	- 450
Retained profit for the year	54	- 15
Dividend proposed	450	400
Retained profits at 31 December	557	492
Total shareholders' funds at 31 December	10,554	10,489

* The share capital constitutes of 5,000 shares at 1,000 kr. each

Cash flow statement

(DKK '000)	2007	2008
Cash flow statement		
Operating activities		
Profit for the year before tax	672	514
Tax paid	- 159	- 168
Accrued interest (net)	40	721
Working capital		
Other liabilities (excluding accrued interest)	388	- 280
Net cash flow from working capital	941	787
Financing		
Dividend paid	- 436	- 450
Net cash outflow from financing	- 436	- 450
Increase/decrease in cash and cash equivalents	505	337
Cash and cash equivalents at 1 January	10.997	11.502
Cash and cash equivalents at 31 December	11.502	11.839

Notes

(DKK '000)	2007	2008
Note 1 Interest receivable		
Interest on balance due from credit institutions and central banks	33,444	33,090
Interest on purchased bond	25,616	29,536
CDS premium	31,810	29,714
Other	-	154
Total interest receivable	90,870	92,494
Note 2 Interest payable		
Interest on notes in issue	87,547	88,618
CDS interest	1,928	2,512
Other	-	154
Total interest payable	89,475	91,284
Note 3 Securities and foreign exchange result		
Currency, gains on exchange rates adjustments	9,577	50,413
Derivatives, gains on market value adjustments	443,842	365,875
Currency, losses on exchange rates adjustments	9,577	50,413
Currency, losses on market value adjustments	443,842	365,875
Total revaluation	0	0
Note 4 Staff and administrative expenses		
Salaries and emoluments to the Supervisory Board	131	139
Other administrative expenses	592	557
Total staff and administrative expenses	723	696

Other administrative expenses include DKK 97,000 (2007: DKK 74,000) in remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit. 0 DKK has been paid for services other than the statutory audit (2007: DKK 11,000).

(DKK '000)	2007	2008
Note 5 Tax		
Estimated tax on the year's income	168	129
Deferred tax	-	-
Total tax	168	129

Tax on profit for the year

Tax on operating profit can be explained as follows:

25% calculation (2007: 25%) of operating profit before tax	168	129
Total Tax	168	129
Tax percentage	25%	25%

The company and all subsidiaries of 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 **Balances due from credit institutions and central banks**

General account	11,502	11,839
Deposits	690,328	640,920
Zero-coupon swap	337,805	350,595
Total balances due from creditinst. and centralbanks	1,039,635	1,003,354

The balance on Deposits equals the nominal balance of issued CLN II and III notes as the proceeds on the issue dates (equal to the nominal balances) are placed on Deposit accounts in Nordea Bank Danmark A/S. The deposit accounts are pledged as a first priority pledge for the benefit of the swap counterparties and as a second priority pledge for the benefit of the holders of issued notes.

The issued CLN IV notes are backed partly by a zero-coupon swap with Nordea Bank Finland plc., which the company entered into on the notes issuance date. The zero-coupon swap is booked and measured as a deposit because it has the same characteristics. The nominal value of the zero-coupon swap is pledged as a first priority pledge for the benefit of the swap counterparties and as a second priority pledge for the benefit of the holders of issued notes.

(DKK '000) 2007 2008

Note 7	Derivatives		
	Credit Default Swaps	138,224	16,205
	“Interest Only” CLN	126,454	106,312
	Embedded derivatives	61,959	305,815
	Total derivatives	326,637	428,332

Kalmar Structured Finance A/S has entered into a number of Credit Default Swaps with Nordea Bank Finland plc. At 31 December 2008 the Credit Default Swaps had a positive market value of DKK 16,205,000 (2007: DKK 138,224,000).

In connection with the issue of CLN IV part of the proceeds were used to purchase an “Interest Only” CLN (issued by Empyrean Finance (Ireland) plc.). This bond is booked and measured similar to the other Credit Default Swaps entered into by the company. At 31 December 2008 the “Interest Only” CLN had a value of 106,312,000 DKK (2007: 126,454,000).

At the same time the company issued CLNs, which can be split into bonds and embedded derivatives that equal the before-mentioned Credit Default Swaps. At 31 December 2008 the embedded derivatives had for the company a positive market value of DKK 305,815,000 (2007: DKK 61,959).

Note 8	Other assets		
	Interest receivable	1,437	996
	Premium receivable	6,979	3,731
	Total other assets	8,416	4,727

Note 9	Notes in issue	Nom. value	Nom. value
	Second issue on 3 May 2006	345,753	318,013
	Third issue on 31 October 2006	344,575	322,907
	Forth issue on 15 December 2007	420,253	419,875
	Total notes in issue	1,110,581	1,060,795

The issued bonds (CLN’s) are listed at NASDAQ OMX Copenhagen A/S. As the bonds have not been traded via the stock exchange, no market value of the bonds is available as of 31 December 2008.

The bonds are issued without any direct interest against Kalmar Structured Finance A/S. The noteholders have only recourse to specified security, which consists partly of a second priority pledge in the balance on the Deposit accounts in Nordea Bank Danmark A/S and a first priority pledge in the proceeds hereof and partly of a second priority pledge in the nominal value of the zero-coupon swap with Nordea Bank Finland plc.

(DKK '000)

2007

2008

The bonds redeem at maturity. In case payments are to be made to the Credit Default Swap counterparty the nominal balance of issue bonds will be reduced with a similar amount. For further details please see the Offering Circular.

Note 10 **Derivatives**

Credit Default Swap	105,965	342,846
Embedded derivatives	138,224	16,205
Total derivatives	244,189	359,051

Kalmar Structured Finance A/S has entered into a number of Credit Default Swaps with Nordea Bank Finland plc. At 31 December 2008 the Credit Default Swaps had a negative market value of DKK 342,846,000 (2007: DKK 105,965,000).

At the same time the company issued CLNs, which can be split into bonds and embedded derivatives that equal the before-mentioned Credit Default Swaps. At 31 December 2008 the embedded derivatives had a negative market value of DKK 16,205,000 (2007: DKK 138,224,000).

Note 11 **Other liabilities**

Interest payable	8,396	5,428
Tax payable	168	129
Other	800	521
Total other liabilities	9,364	6,078

Note 12 **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 2008.

(DKK '000)

Note 13 **Financial risks**

As regards the company's major financial assets and liabilities at 31 December 2008 the below contractual review or maturity dates apply, depending on whichever comes first:

(DKK '000,000)	Review/maturity date			of which fixed-rate	Yield %
	0-1 year	1-5 years	> 5 years		
Balances due from credit institutions etc	11.8	-	-	-	3.25%
Deposit	-	991.5	-	133.8	3.42%
Derivatives	-	69.3	-	-	3.76%
Other assets	7.8	-	-	7.8	-
Bonds in issue, nominal value	-	- 1,060.8	-	- 133.8	6.46%
Other liabilities	- 8.5	-	-	- 8.5	-
Total financial risks	11.1	0	0	- 0.7	-

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