

Collateralized Mortgage Obligations Denmark A/S

Preliminary announcement of results for 2008

Collateralized Mortgage Obligations Denmark A/S' pre-tax profit for 2008 came to DKK 482,000 while the post-tax profit stood at DKK 362,000.

| Financial highlights | | | | | |
|--|-----------|---------|---------|---------|---------|
| (DKK '000) | 2004 | 2005 | 2006 | 2007 | 2008 |
| Profit and loss account | | | | | |
| Net interest income | 1,215 | 622 | 637 | 812 | 842 |
| Securities and foreign exchange result | 279 | 624 | 57 | 15 | 7 |
| Profit before expenses | 1,494 | 1,246 | 694 | 827 | 849 |
| Staff and administrative expenses | 1,092 | 979 | 501 | 408 | 367 |
| Profit before tax | 402 | 267 | 193 | 419 | 482 |
| Tax | 120 | 75 | 54 | 105 | 120 |
| Profit for the year | 282 | 192 | 139 | 314 | 362 |
| Balance sheet at 31 December | | | | | |
| Bonds | 1,124,174 | 422,586 | 289,549 | 254,055 | 237,138 |
| Total assets | 1,157,158 | 444,256 | 309,280 | 273,330 | 255,980 |
| Liabilities | 1,124,977 | 422,765 | 289,670 | 254,162 | 237,237 |
| Debt | 1,141,061 | 428,249 | 293,338 | 257,465 | 240,267 |
| Shareholders' funds | 16,128 | 16,007 | 15,942 | 15,865 | 15,713 |
| Key Figures | | | | | |
| Dividend | 313 | 204 | 391 | 514 | 498 |
| Equity Ratio | 1.39% | 3.60% | 5.15% | 5.80% | 6.14% |
| Return on Equity | 1.76% | 1.19% | 0.87% | 1.97% | 2.29% |
| Employees | 0 | 0 | 0 | 0 | 0 |

Review of activities in 2008

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 NASDAQ OMX Copenhagen A/S.

As of 31 December 2008 the company had launched the following issues of which only the sixth issue had an outstanding balance as of 31 December 2008:

| | | |
|-------|-------------------------------|------------------------|
| 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 2008 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 16.16% (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 2009 a total of 0.80% of the mortgage collateral at 31 December 2008 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 2009 a total of 1.35% 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 2009 is expected to decline whereas the administrative expenses are expected to rise. The profit for 2009 is expected to be positive 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 83.00 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 | 14,150 | 13,071 |
| Interest payable | 2 | 13,338 | 12,229 |
| Net interest income | | 812 | 842 |
| Securities and foreign exchange result | 3 | 15 | 7 |
| Staff and administrative expenses | 4 | 408 | 367 |
| Profit before tax | | 419 | 482 |
| Tax | 5 | 105 | 120 |
| Profit for the year | | 314 | 362 |

Distribution of profit

Amount available for distribution:

| | | |
|--|-----|-----|
| Profit for the year | 314 | 362 |
| Retained profits | 200 | 136 |
| Total amount available for distribution | 514 | 498 |

The amount will be distributed as follows:

| | | |
|---|-----|-----|
| Retained profits | - | - |
| Dividend | 514 | 498 |
| Total distribution of amount available | 514 | 498 |

Balance sheet

| (DKK '000) | Note | 2007 | 2008 |
|--|-------|----------------|----------------|
| Assets | | | |
| Balance due from credit institutions and central banks | | 16,039 | 15,815 |
| Bonds | 6 | 254,055 | 237,138 |
| Other assets | 7 | 3,236 | 3,014 |
| Prepayments | | - | 13 |
| Total assets | | 273,330 | 255,980 |
| Liabilities | | | |
| Notes in issue | 8 | 254,162 | 237,237 |
| Other liabilities | 9 | 3,303 | 3,030 |
| Shareholders' funds: | | | |
| Share capital | | 6,000 | 6,000 |
| Share premium account | | 6,000 | 6,000 |
| Profit retained | | 3,351 | 3,215 |
| Dividend proposed | | 514 | 498 |
| Total shareholders' funds | | 15,865 | 15,713 |
| Total liabilities | | 273,330 | 255,980 |
| Notes without references | 10-11 | | |

Shareholder's funds

| (DKK '000) | 2007 | 2008 |
|--|--------|--------|
| 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 | 3,942 | 3,865 |
| Dividend paid | - 391 | - 514 |
| Retained profit for the year | - 200 | - 136 |
| Dividend proposed | 514 | 498 |
| Retained profits at 31 December | 3,865 | 3,713 |
| Total shareholders' funds at 31 December | 15,865 | 15,713 |

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

Cash flow statement

| (DKK '000) | 2007 | 2008 |
|---|---------------|---------------|
| Operating activities | | |
| Profit for the year before tax | 419 | 482 |
| Tax paid | - 54 | - 105 |
| Realised capital gains (net) | - 15 | - 7 |
| Prepayments and deferred income (net) | - | - 13 |
| Accrued interest (net) | 39 | 19 |
| Working capital | | |
| Redemption of issued notes | - 37,192 | - 17,743 |
| Redemption of acquired mortgage bonds | 37,192 | 17,743 |
| Other liabilities (excluding accrued interest) | 10 | - 86 |
| Net cash flow from working capital | 399 | 290 |
| Financing | | |
| Dividend paid | - 391 | - 514 |
| Net cash outflow from financing | - 391 | - 514 |
| Increase/decrease in cash and cash equivalents | 8 | - 224 |
| Cash and cash equivalents at 1 January | 16,031 | 16,039 |
| Cash and cash equivalents at 31 December | 16,039 | 15,815 |

Notes

| (DKK '000) | 2007 | 2008 |
|---|---------------|---------------|
| Note 1 Interest receivable | | |
| Interest on balance due from credit institutions and central banks | 572 | 607 |
| Interest on bonds | 13,578 | 12,464 |
| Total interest receivable | 14,150 | 13,071 |
| Note 2 Interest payable | | |
| Interest on notes in issue | 13,338 | 12,229 |
| Total interest payable | 13,338 | 12,229 |
| Note 3 Securities and foreign exchange result | | |
| Realised capital gains on issued mortgage bonds (net) | 1,605 | 765 |
| Realised capital losses on CMOs (net) | 1,590 | 758 |
| Total revaluation of bonds | 15 | 7 |
| Note 4 Staff and administrative expenses | | |
| Salaries and emoluments to the Supervisory Board | 44 | 46 |
| Other administrative expenses | 364 | 321 |
| Total staff and administrative expenses | 408 | 367 |
| <p>Other administrative expenses include DKK 97,000 (2007: DKK 63,000) in remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit. Nothing has been paid for services other than the statutory audit (2007: DKK 11,000).</p> | | |
| Note 5 Tax | | |
| Estimated tax on the year's income | 105 | 120 |
| Deferred tax | - | - |
| Total tax | 105 | 120 |

(DKK '000)

2007

2008

Tax on profit for the year

Tax on operating profit can be explained as follows:

| | | |
|--|------------|------------|
| 25% calculation (2007: 25%) of operating profit before tax | 105 | 120 |
| Other deviations | - | - |
| Total Tax | 105 | 120 |
| Tax percentage | 25% | 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 | 13,578 | 254,055 | 12,464 | 237,138 |
| | Total bonds | 13,578 | 254,055 | 12,464 | 237,138 |

At 31 December 2008 the nominal value of the company's portfolio of mortgage bonds totalled DKK 242,413,000 (2007: DKK 260,156,000). The bonds serve as collateral for the company's obligations under the CMOs issued in connection with the bond purchases. At 31 December 2008 the market value of bonds totalled DKK 240,975,000 (31 December 2007: 257,980,000).

| | | | | | |
|--------|---------------------------|--|--------------|--|--------------|
| Note 7 | Other assets | | | | |
| | Interest receivable | | 3,236 | | 3,014 |
| | Total other assets | | 3,236 | | 3,014 |

| | | | | | |
|--------|---------------------------------|------------------|----------------|------------------|----------------|
| Note 8 | Notes in issue | Interest expense | Book value | Interest expense | Book value |
| | Consist of the following: | | | | |
| | Sixth issue on 18 February 1999 | 13,338 | 254,162 | 12,229 | 237,237 |
| | Total bonds in issue | 13,338 | 254,162 | 12,229 | 237,237 |

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 2009. 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 | 10,174 | 7,434 |
| Maturing between 1 year and 5 years | 32,458 | 33,075 |
| Maturing after 5 years | 217,524 | 201,904 |
| Total | 260,156 | 242,413 |

The issued bonds (CMO's) are listed at NASDAQ OMX Copenhagen A/S. At 31 December 2008 the market value of bonds totalled DKK 236,391,000 (2007: DKK 257,089,000).

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 | 2,955 | 2,752 |
| Tax payable | 105 | 120 |
| Other | 243 | 158 |
| Total other liabilities | 3,303 | 3,030 |

Note 10 **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.

Note 11 **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:

| DKKm | Review/maturity date* | | | of which fixed-rate | Yield % |
|--|-----------------------|--------------|--------------|------------------------|----------|
| | 0-1 year | 1-5 years | > 5 years | | |
| Balances due from credit institutions etc. | 15.8 | - | - | - | 2.25% |
| Bonds, nominal value | 7.4 | 33.1 | 201.9 | 242.4 | 6.00% |
| Other assets | 3.0 | - | - | 3.0 | - |
| Bonds in issue, nominal value | - 7.4 | - 33.1 | - 201.9 | - 242.4 | 5.90% |
| Other liabilities | - 2.8 | - | - | - 2.8 | - |
| Total | 16.0 | - | - | 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.