

Collateralized Mortgage Obligations Denmark A/S

Interim report 30 June 2007

Collateralized Mortgage Obligations Denmark A/S' pre-tax result for the first six months of 2007 came to DKK 226,000 while the post-tax result stood at DKK 169,000.

Financial highlights	2005		2006		2007
(DKK '000)	(1/1-30/6)	(1/7-31/12)	(1/1-30/6)	(1/7-31/12)	(1/1-30/6)
Profit and loss account					
Net interest income	407	215	285	352	395
Securities and foreign exchange result	166	458	43	14	10
Profit before expenses	573	673	328	366	405
Staff and administrative expenses	412	567	257	244	179
Profit before tax	161	106	71	122	226
Tax	46	29	20	34	57
Profit after tax	115	77	51	88	169
Balance sheet					
Bonds	874,025	422,586	321,313	289,549	266,159
Total assets	903,267	444,256	341,328	309,280	285,363
Notes in issue	874,662	422,765	321,448	289,670	266,271
Liabilities	887,337	428,249	325,474	293,338	269,643
Shareholders' funds	15,930	16,007	15,854	15,942	15,720
Key Figures					
Equity Ratio	1.76%	3.60%	4.64%	5.15%	5.51%
Return on Equity	0.72%	0.48%	0.32%	0.55%	1.07%
Employees	-	-	-	-	-

Collateralized Mortgage Obligations Denmark A/S is as a Saving Institution governed by the Danish Financial Business Act ("Lov om finansiel virksomheder"). Accordingly, the interim results have been prepared in accordance with the Executive Order on the Presentation of Financial Reports by Credit Institutions and Specialised Credit Institutions ("Bekendtgørelse om finansielle rapporter for kreditinstitutter og fondsmæglerselskaber m.fl.").

The above-mentioned key financial data are determined according to the same accounting policies as in the latest financial statement.

Review of activities

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. Also, the company is to invest surplus cash.

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, and all redemptions of the collateral are matched by redemptions of notes. Similarly, collateral interest cash flows are redistributed 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.

The mortgage collateral as well as the pertaining cash accounts are pledged to the noteholders and the company cannot sell the mortgage bonds. Claims by noteholders are limited exclusively to the assets pledged.

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 at nominal value. 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 30 June 2007 the individual collateral groups still outstanding constituted the following shares of the portfolio originally acquired (the percentages which render the option exercisable are stated in parentheses):

Collateral group 8, sixth issue	18.19%	(10%)
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On 1 January 2007 a total of 4.61% of the mortgage collateral was drawn for redemption and the company therefore redeemed a corresponding portion of the notes outstanding on 7 January 2007.

On the April payment date, 1 April 2007, a total of 3.80% of the mortgage collateral was drawn for redemption and the company therefore redeemed a corresponding portion of the notes outstanding on 7 April 2007.

Future developments

On 1 July 2007 a total of 3.56% of the mortgage collateral was drawn for redemption and the company redeemed a corresponding portion of the notes outstanding on 7 July 2007.

The result from the first six months of 2007 is as expected. In line with the expectations stated in the annual report for 2006 the total result for 2007 is expected to be a profit on a higher level than that posted for 2006.

Additional issues in the second half of 2007 are expected to have a positive effect on the company's profit performance.

Note	(DKK '000)	2006		2007
		(1/1-30/6)	(1/7-31/12)	(1/1-30/6)
1	Interest receivable	8,954	7,890	7,275
2	Interest payable	8,669	7,538	6,880
	Net interest income	285	352	395
3	Securities and foreign exchange result	43	14	10
4	Staff and administrative expenses	257	244	179
	Profit before tax	71	122	226
5	Tax	20	34	57
	Profit for the period	51	88	169

Note	(DKK '000)	2006		2007
		(30/6)	(31/12)	(30/6)
Assets				
	Balance due from credit institutions and central banks	15,899	16,031	15,810
6	Bonds	321,313	289,549	266,159
7	Other assets	4,116	3,700	3,394
	Total assets	341,328	309,280	285,363
Liabilities				
8	Notes in issue	321,448	289,670	266,271
9	Other liabilities	4,026	3,668	3,372
Shareholders' funds				
	Share capital	6,000	6,000	6,000
	Share premium account	6,000	6,000	6,000
	Profit retained	3,930	3,551	3,720
	Dividend proposed	-	391	-
	Total shareholders' funds	15,930	15,942	15,720
	Total liabilities	341,328	309,280	285,363
10	Contingent liabilities			
11	Close related parties			
12	Financial risk			

Shareholders' funds

(DKK '000)	2006		2007
	(1/1-30/6)	(1/7-31/12)	(1/1-30/6)
Share capital at start of period	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Share capital at end of period	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Share premium at start of period	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Share premium at end of period	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Retained profit at start of period	4,007	3,854	3,942
Dividend paid	- 204	-	- 391
Retained profit for the period	51	- 303	169
Dividend proposed	-	391	-
Retained profit at end of period	<u>3,854</u>	<u>3,942</u>	<u>3,720</u>
Total shareholders' funds at end of period	<u><u>15,854</u></u>	<u><u>15,942</u></u>	<u><u>15,720</u></u>

Note (DKK '000)	2006		2007
	(1/1-30/6)	(1/7-31/12)	(1/1-30/6)
1. Interest receivable			
Interest on balance due from credit institutions and central banks	197	227	276
Interest on bonds	8,757	7,663	6,999
Total interest receivable	8,954	7,890	7,275
2. Interest payable			
Interest on notes in issue	8,669	7,538	6,880
Total interest payable	8,669	7,538	6,880
3. Securities and foreign exchange result			
Realised capital gains on mortgage bonds	4,572	1,436	1,057
Realised capital losses on CMOs	4,529	1,422	1,047
Total revaluation of bonds	43	14	10
4. Staff and administrative expenses			
Salaries and emoluments to the Supervisory Board	24	23	21
Other administrative expenses	233	221	158
	257	244	179

Other administrative expenses include DKK 38,000 in remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit (DKK 78,000 and DKK 39,000 respectively in first and second part of 2006). DKK 6,000 has been paid for services other than the statutory audit (DKK 47,000 and DKK 8,000 respectively in first and second part of 2006).

Note (DKK '000)	2006		2007
	(1/1-30/6)	(1/7-31/12)	(1/1-30/6)
5. Tax			
Estimated tax on the period's income	20	34	57
Total tax	20	34	57

Tax on profit for the period

Tax on operating profit can be explained as follow:

25% calculation (2006: 28%) of operating

profit before tax	20	34	57
Other derivative	-	-	-
Total tax	20	34	57

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).

6. Bonds

Acquired in connection with (measured at amortised cost):

Sixth issue on 18 February 1999	321,313	289,549	266,159
	321,313	289,549	266,159

At 30 June 2007 the nominal value of the company's portfolio of mortgage bonds totalled DKK 330,621,000 (at 30 June 2006: DKK 330,621,000 and at 31 December 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.

7. Other assets

Interest receivable	4,116	3,700	3,394
Total other assets	4,116	3,700	3,394

<u>Note</u> (DKK '000)	2006 (30/6)	2007 (31/12)	2007 (30/6)
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8. Notes in issue

Consist of the following (measured at amortized cost):

Sixth issue on 18 February 1999	321,448	289,670	266,271
Total notes in issue	<u>321,448</u>	<u>289,670</u>	<u>266,271</u>

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 July 2007. It also assumed that the company receives a proportionate share of overall redemptions.

The below specification has been prepared in nominal values.

Maturing within 1 year	24,886	19,259	11,468
Maturing between 1 year and 5 years	45,264	33,354	40,248
Maturing after 5 years	<u>260,471</u>	<u>244,735</u>	<u>221,133</u>
Total	<u>330,621</u>	<u>297,348</u>	<u>272,849</u>

9. Other liabilities

Interest payable	3,759	3,380	3,100
Tax payable	95	54	111
Other	<u>172</u>	<u>234</u>	<u>161</u>
Total other liabilities	<u>4,026</u>	<u>3,668</u>	<u>3,372</u>

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 2004 and earlier years.

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 period, and no major transactions have otherwise been effected with parties closely related to the company.

12. Financial risks

As regards the company's major financial and liabilities at 30 June 2007 the below contractual review or maturity dates apply, depending on whichever comes first:

DKK '000,000	Review/maturity date*				Yield%
	0-1 year	1-5 year	>5 year	of which fixed-rate	
Balance due from credit inst. etc.	15.8	-	-	-	3.50%
Bonds, nominal value	11.5	40.2	221.1	272.8	5.03%
Other assets	3.4	-	-	3.4	-
Bonds in issue, nominal value	- 11.5	- 40.2	- 221.1	- 272.8	4.93%
Other liabilities	- 3.1	-	-	- 3.1	-
Total	16.1	-	-	0,.	-

* 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.