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The Interim report comprises 12 pages

This Interim report for the 1 half-year 2009 is a translation of the original report in the Danish language. In case of discrepancies, the Danish version prevails.

## Contacts

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CVR no. 22 12 86 12

Announcement date: 28 August 2009



# Management's review

## Financial summary

The Group consists of KommuneKredit and its 100 percent owned subsidiary Kommune Leasing A/S.

(DKK m)	1 Half-year 2009	1 Half-year 2008
<b>Lending, nominal values</b>		
Total gross lending	15,824	18,982
Conversions / refinancings	7,919	8,956
Total net lending	7,905	10,026
<b>Key figures</b>		
Net interest income	284	154
Value adjustments	13	-70
Staff costs and administrative expenses	38	29
Profit for the period	192	38
Total assets*	139,345	128,788
Equity*	4,375	4,183

\*) Comparative numbers as of 31 Dec 2008

In the first half-year of 2009, KommuneKredit's gross lending amounted to DKK 15,8 billion against DKK 19 billion in the first half-year of 2008. The decrease in gross lending is partly due to lower conversion activities and partly due to the fact that the first half-year of 2008 was characterized by an extraordinary increase in lending to regions following the acquisition of loans from the counties. Lending activities in the second half-year are expected to be at the same level as in the first half-year.

KommuneKredit's market share is continuously increasing as the banks' willingness to provide loans to local government has been very limited. The financial crisis has thus stressed the importance of local government having its own financing company to provide the necessary funding.

Net interest income increased from DKK 154 million in the first half-year of 2008 to DKK 284 million in 2009. The increase in net interest income was due to the very favourable funding situation for raising short-term loans (typically 3-6 months). In the end of May, KommuneKredit decided that the increased earnings should benefit borrowers in the form of lower prices. Consequently, administrative fees on

payments due in the second half-year were reduced by 0.02 percentage points, which means that no administrative fees are to be paid for ordinary loans. Fees on loans to housing for the elderly were reduced from 0.08 percent to 0.06 percent. Moreover, prices for certain floating-rate loans were reduced. The price changes will affect the results for the second half-year of 2009.

Value adjustments of securities showed a capital gain of DKK 30 million against a capital loss of DKK 89 million in the first half-year of 2008. The gain is a result of the decreasing average interest-rate level in the first half-year of 2009.

Profit before tax for the period amounted to DKK 256 million against DKK 50 million in the first half-year of 2008. Profit after tax amounted to DKK 192 million against DKK 38 million in the first half-year of 2008. In the annual report for 2008, KommuneKredit expected net interest income of DKK 310-330 million for 2009. However, net interest income of DKK 320-370 million and a profit before tax and value adjustments of DKK 240-290 million are now expected for 2009.

# Statements

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The Board of Directors and Management have today discussed and approved the interim report of the KommuneKredit Group for the period 1 January - 30 June 2009. The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reporting of issuers of listed bonds. In our opinion, the interim report gives a true and fair view of the Group's assets, liabil-

ities, equity and financial position at 30 June 2009 and of the results of the Group's operations and cash flows for the period 1 January - 30 June 2009. Moreover, it is our opinion that the Management's review contains a true and fair statement of the development in the Group's operations, financial matters and the results for the period as well as the Group's financial position.

Copenhagen, 28 August 2009

## MANAGEMENT:

Søren Høgenhaven  
*Managing Director,  
Chief Executive Officer*

Johnny Munk  
*Managing Director*

Jens Bloch Behrendt  
*Chief Financial Officer*

## BOARD OF DIRECTORS:

Kaj Petersen  
*Chairman*

Erik Fabrin  
*Vice-chairman*

Kristian Ebbensgaard

Vibeke Storm Rasmussen

Hans Toft

Henrik Zimino

Henning G. Jensen

Anker Boye

Lars Krarup

Mariann Nørgaard

# Statements

## INDEPENDENT AUDITORS' REVIEW REPORT

### To the Board of Directors of KommuneKredit

We have reviewed the interim report of the KommuneKredit Group for the period 1 January - 30 June 2009 comprising income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes. The interim report is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reporting of issuers of listed bonds. Our review did not include the Management's review. The Company's Board of Directors and Management are responsible for the interim report for the period 1 January - 30 June 2009. Our responsibility is to express an opinion on the interim report based on our review.

### Scope of review

We have conducted our review in accordance with the Danish Standard on Auditing RS 2410 "Review of Interim Financial Information Performed by the

Copenhagen, 28 August 2009

### KPMG

Statsautoriseret Revisionspartnerselskab

Lars Rhod Søndergaard  
*State Authorised Public Accountant*

Independent Auditor ". A review of an interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Danish Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not conducted an audit, and accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not been prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of issuers of listed bonds.

Anders Duedahl-Olesen  
*State Authorised Public Accountant*

## REPORT BY THE AUDITOR APPOINTED BY THE MINISTRY OF THE INTERIOR AND SOCIAL AFFAIRS

### To the Board of Directors of KommuneKredit

As auditor appointed by the Ministry of the Interior and Social Affairs, I have examined the interim report of the KommuneKredit Group for the period 1 January - 30 June 2009, prepared by the Board of

Directors and Management. During my examination, I did not identify any non-compliance with the Act or the articles of association of KommuneKredit. The review procedures carried out by KPMG did not give rise to any comments on my part.

Copenhagen, 28 August 2009

Emil le Maire  
*Former Prefect*

# Income statement and Statement of comprehensive income

Income statement		GROUP	
		1 Half-year 2009	1 Half-year 2008
Note	(DKK m)		
	Interest income	2,677	2,511
	Interest expense	2,393	2,357
	<b>Net interest income</b>	<b>284</b>	<b>154</b>
	Other operating income	2	1
	Value adjustments of lending, funding and derivative financial instruments	-17	19
	Value adjustments of securities	30	-89
	Staff costs	20	16
	Other administrative expenses	18	13
	Depreciation on property, plant and equipment and amortisation of intangible assets	3	4
	Provision for pension obligations	2	2
	<b>Profit for the period before tax</b>	<b>256</b>	<b>50</b>
	Tax on profit for the period	64	12
	<b>Profit for the period</b>	<b>192</b>	<b>38</b>

Comprehensive income		GROUP	
		1 Half-year 2009	1 Half-year 2008
Note	(DKK m)		
	Profit for the period	192	38
	Other comprehensive income, net of income tax	0	0
	<b>Total comprehensive income for the period</b>	<b>192</b>	<b>38</b>
	Attributable to:		
	Transferred to equity	192	38
	<b>Total</b>	<b>192</b>	<b>38</b>

# Balance sheet

		GROUP	
		30 Jun 2009	31 Dec 2008
Note	(DKK m)		
<b>Assets</b>			
	Receivables from credit institutions	14,140	10,219
	Lending	106,898	102,445
	Leases	2,640	2,768
	Portfolio of securities	8,856	5,067
	Shares	3	3
	Derivative financial instruments	6,627	8,121
	Intangible assets	9	7
	Properties	81	81
	Other property, plant and equipment	4	4
	Other assets	87	73
<b>Total assets</b>		<b>139,345</b>	<b>128,788</b>

		GROUP	
		30 Jun 2009	31 Dec 2008
Note	(DKK m)		
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
2	Bonds listed on OMX	58,485	58,898
3	International securities etc.	70,501	58,356
	Derivative financial instruments	5,136	6,631
	Other liabilities	395	322
	Pension obligations	67	67
	Current tax liabilities	90	34
	Deferred tax liabilities	296	297
<b>Total liabilities</b>		<b>134,970</b>	<b>124,605</b>
<b>Equity</b>		<b>4,375</b>	<b>4,183</b>
<b>Total liabilities and equity</b>		<b>139,345</b>	<b>128,788</b>

## Statement of changes in equity

<i>Note</i>	(DKK m)	1 Half-year 2009	1 Half-year 2008
	<b>Equity</b>		
	Equity at 1 January	4,183	3,929
	Total comprehensive income for the period	192	38
	<b>Equity at 30 June</b>	<b>4,375</b>	<b>3,967</b>

# Cash flow statement

Note	(DKK m)	1 Half-year 2009	1 Half-year 2008
	Cash flow from operating activities		
	Profit for the period before tax	256	50
	Adjustment for non-cash operating items etc.	-6	0
	<b>Profit for the period adjusted for non-cash operating items etc.</b>	<b>250</b>	<b>50</b>
	Change in operating capital		
	Change in receivables	-14	140
	Change in trade payables and other payables	73	16
	<b>Total change in operating capital</b>	<b>59</b>	<b>156</b>
	<b>Total cash flow from operating activities</b>	<b>309</b>	<b>206</b>
	Cash flow from investing activities		
	Property, plant and equipment	-1	0
	Intangible assets	-4	-2
	Portfolio of securities	-3,789	6,525
	<b>Total cash flow from investing activities</b>	<b>-3,794</b>	<b>6,523</b>
	Cash flow from lending and funding		
	Change in lending	-2,831	-3,559
	Change in funding	10,237	-779
	<b>Total cash flow from lending and funding</b>	<b>7,406</b>	<b>-4,338</b>
	<b>Total cash flow for the period</b>	<b>3,921</b>	<b>2,391</b>
	Cash and cash equivalents at 1 January	10,219	8,811
	<b>Cash and cash equivalents at 30 June</b>	<b>14,140</b>	<b>11,202</b>

# Notes

## 1: ACCOUNTING POLICIES

The interim report of KommuneKredit for the first half-year of 2009 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reporting of issuers of listed bonds.

Except for the implementation of IAS 23 "Borrowing Costs" (revised in 2007), the accounting policies used in the preparation of the interim report are consistent with those in the annual report for 2008. The changes have no effect in terms of money. The annual report for 2008 contains a complete description of the accounting policies.

The implementation of IFRS 8 "Operating Segments" has not resulted in changes to the Group's reportable operating segments. Consequently, as in previous years, the Group has one reportable segment.

The presentation of the balance sheet has changed in regards to order and names of the items compared to the annual report for 2008, and the interim report contains a statement of comprehensive income. The changes in the presentation of the interim report have no effect in terms of money.

Note	(DKK m)			
<b>2: BONDS LISTED ON OMX NOMINAL VALUES</b>				
	1 January	Additions	Disposals and foreign currency translation adjustment	End of period
<b>1. Half-year 2009</b>				
Bonds listed on OMX	58,540	10,364	10,982	57,922
<b>2008</b>				
Bonds listed on OMX	57,900	21,160	20,520	58,540
<b>3: INTERNATIONAL SECURITIES ETC. NOMINAL VALUES</b>				
	1 January	Additions	Disposals and foreign currency translation adjustment	End of period
<b>1. Half-year 2009</b>				
Total international securities etc.	61,911	29,015	17,125	73,801
<b>2008</b>				
Total international securities etc.	50,116	32,459	20,664	61,911



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