

Stock Exchange Announcement No. 6  
August 17, 2004

# **Interim Report First half of 2004**

**REALKREDIT**  
**Danmark**

## Realkredit Danmark Group - financial highlights

<b>CORE EARNINGS AND NET PROFIT FOR THE PERIOD</b>	<b>1st half 2004</b>	1st half 2003	Index 04/03	Full year 2003
DKr m				
Administration margin	<b>1,149</b>	1,094	105	2,216
Net interest income, exclusive of earnings from investment portfolios	<b>462</b>	612	75	1,216
Fee and commission income, net	<b>67</b>	111	60	186
Other core income	<b>162</b>	109	149	157
<b>Total core income</b>	<b>1,840</b>	1,926	96	3,775
Operating expenses and depreciation	<b>631</b>	693	91	1,454
<b>Core earnings before provisions</b>	<b>1,209</b>	1,233	98	2,321
Provisions for bad and doubtful debts	<b>3</b>	24	13	24
<b>Core earnings</b>	<b>1,206</b>	1,209	100	2,297
Earnings from investment portfolios	<b>84</b>	205	41	229
<b>Profit before tax</b>	<b>1,290</b>	1,414	91	2,526
Tax	<b>332</b>	347	96	609
<b>Net profit for the period</b>	<b>958</b>	1,067	90	1,917

### BALANCE SHEET

DKr m

#### Assets

Due from credit institutions, etc.	<b>30,345</b>	48,379	63	14,914
Lending	<b>507,780</b>	484,464	105	498,037
Bonds and shares, etc.	<b>42,673</b>	26,343	162	128,323
Other assets	<b>2,657</b>	2,858	93	5,872
<b>Total assets</b>	<b>583,455</b>	562,044	104	647,146

#### Liabilities and equity

Due to credit institutions, etc.	<b>2,303</b>	13	-	874
Issued bonds	<b>542,230</b>	525,141	103	603,120
Other liabilities	<b>10,727</b>	10,503	102	15,915
Shareholders' equity	<b>28,195</b>	26,387	107	27,237
<b>Total liabilities and equity</b>	<b>583,455</b>	562,044	104	647,146

### RATIOS AND KEY FIGURES

Net profit for the period as % p.a. of avg. shareh. equity	<b>6.9</b>	8.3		7.3
Core earnings as % p.a. of avg. shareholders' equity	<b>8.7</b>	9.4		8.8
Cost/core income ratio, %	<b>34.3</b>	36.0		38.5
Solvency ratio (excl. of net profit for the period), %	<b>10.2</b>	9.8		10.4
Core (tier 1) cap. ratio (excl. of net profit for the period), %	<b>10.1</b>	9.7		10.3
Number of full-time employees at June 30	<b>972</b>	983		981
Rating of bonds - Moody's	<b>Aaa</b>	Aaa		Aaa
Rating of bonds - Standard & Poor's	<b>AAA</b>	AAA		AAA

## **MANAGEMENT'S REPORT**

### **Highlights of performance in the first half of 2004**

The performance of the Realkredit Danmark Group in the first half of 2004 can be summarised as follows:

- The Realkredit Danmark Group recorded a pre-tax profit of DKr1,290m for the first half of 2004, against DKr1,414m for the first half of 2003.
- Core earnings amounted to DKr1,206m, against DKr1,209m for the first half of 2003.
- Mortgage lending rose to DKr508bn at June 30, 2004, against DKr498bn at January 1, 2004.
- The market share of net new lending was 20.9% in the second quarter of 2004, against 25.4% in the first quarter.
- At June 30, 2004, the solvency ratio was 10.2%, against the statutory minimum requirement of 8.0%.

### **Results**

Core income amounted to DKr1,840m for the first half of 2004, against DKr1,926m the year before. It includes a higher administration margin as a result of the increasing loan portfolio. Income was affected by the sound refinancing activity in the first half of the year, which did not, however, reach the same high level as last year. The decline in interest rates during the first half of 2004 relative to the same period the year before also resulted in a fall in the Group's return on securities holdings and liquid funds.

Operating expenses and depreciation totalled DKr631m in the first half of 2004, representing a 9% decrease relative to the first half of 2003. The decrease was mainly attributable to fewer resources being spent on the development of new IT systems.

Core earnings before provisions for bad and doubtful debts totalled DKr1,209m in the first half of 2004, against DKr1,233m the year before.

Provisions for bad and doubtful debts amounted to DKr3m in the first half of 2004, against DKr24m the year before. Loans in arrears are still at a very low level, and the need for provisions was therefore modest in the first half of 2004.

Earnings from investment portfolios equal the profits on proprietary investment portfolios after deduction of funding costs – calculated on the basis of short-term money market rates – and administration costs. These earnings totalled DKr84m for the first half of 2004, against DKr205m the year before. Proprietary investment portfolios are defined as the part of the investment portfolio not relating to lending activities.

Tax is paid on the basis of current joint taxation rules on allocation of the Danish tax payable by the Danske Bank Group. This means that Realkredit Danmark's effective tax rate for 2004 is expected to be 26%.

## Capital and solvency

Movements in the capital base and solvency ratio were as follows:

CAPITAL BASE AND SOLVENCY RATIO DKr m	June 30 2004*	June 30 2003*	December 31 2003
Core capital, less statutory deductions	27,072	25,140	27,062
Supplementary capital, less statutory deductions	212	254	218
Capital base	27,284	25,394	27,280
Total weighted items	267,344	258,191	263,336
Solvency ratio, %	10.2	9.8	10.4
Core (tier 1) capital ratio, %	10.1	9.7	10.3

\* Excl. of net profit for the period

On June 30, 2004, the Realkredit Danmark Group's capital base stood at DKr27,284m. The solvency ratio was 10.2%, thus exceeding the statutory minimum solvency requirement of 8% by DKr5,896m.

In the first half of 2004, shareholders' equity increased by the profit for the period of DKr958m. Shareholders' equity subsequently totalled DKr28,195m.

## The mortgage credit market

Total gross lending in the Danish mortgage credit market amounted to DKr232bn in the first half of 2004, against the very high level of DKr290bn in the first half of 2003. Activity declined because refinancing business was not driven by falling interest rates to the same extent as the year before. However, in the first half of 2004, many customers decided to refinance their current loans with interest-only loans.

The first half of 2004 was characterised by falling yields on short- as well as long-term bonds in the first quarter and a rise in yields in the second quarter. At the end of the first half-year, the rate of interest on a 30-year fixed-rate loan stood at 5.5%, and the rate of interest on FlexLån® with full annual interest reset was 2.5%. At the beginning of the year, these rates were 5.4% and 2.5%, respectively.

## Competition

Realkredit Danmark's market share of gross lending was 29.8% in the second quarter of 2004, against 31.3% in the first quarter. The Group's market share of net new lending was 20.9% in the second quarter of 2004, against 25.4% in the first quarter. Net new lending is defined as gross lending less repayment of loans with or without the raising of new loans.

Quarter-on-quarter movements were as follows:

MARKET SHARE, ALL MARKETS %	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q2 2003
Gross lending	29.8	31.3	38.5	31.1	30.4
Net new lending	20.9	25.4	31.0	25.9	28.0

Net new lending was negatively affected by bank-based housing loans sold by Danske Bank and BG Bank.

Realkredit Danmark now focuses more strongly on the corporate market, and in 2004, an independent corporate department was set up and corporate centre managers appointed in Copenhagen, Århus, Odense and Aalborg.

In the first half of 2004, Realkredit Danmark's loan portfolio rose by Dkr10bn to Dkr508bn. Of this total rise in lending, the private market accounted for 36%, urban trade for 22%, agriculture for 14% and residential rental property for 28%.

Interest-only loans continued to account for a large share of private-market activity in the first half of 2004. At the end of the half-year, Realkredit Danmark had disbursed a total of Dkr48bn worth of interest-only loans, which, measured in terms of the portfolio, corresponded to a market share of 40%. Almost all interest-only loans were disbursed as FlexLån®.

In the first half of 2004, FlexLån® accounted for 70% of all loans disbursed, against 52% for the whole of 2003. At the end of the first half of 2004, FlexLån® accounted for 47% of the loan portfolio, against 40% at the beginning of the year.

The Danish government has announced that a bill will be introduced in the autumn of 2004 to allow mortgage credit institutions to offer mortgage loans based on mortgage deeds registered to the mortgagor. This will make mortgage lending more flexible, and Realkredit Danmark follows the initiative closely with a view to offering its customers more flexible mortgage credit products.

### **Funding**

Realkredit Danmark finances its loans to borrowers by issuing mortgage bonds listed on the Copenhagen Stock Exchange. At the end of the first half of 2004, Realkredit Danmark had issued bonds worth Dkr542bn, or 33% of mortgage bonds issued on the Danish market.

All new bond issues from Realkredit Danmark carry Aaa and AAA ratings, which are the highest possible ratings awarded by the credit rating agencies Moody's Investors Service and Standard & Poor's. The ratings of Moody's Investors Service and Standard & Poor's apply to 90% and 86%, respectively, of all bonds issued by Realkredit Danmark.

### **Outlook for 2004**

The outlook for 2004 is unchanged compared with the statements made in the Annual Report for 2003.

The increase in the volume of lending will boost the administration margin in 2004. Net interest and fee income is likely to decline as a result of a slowdown in refinancing activity.

Costs are expected to fall since fewer resources will be spent on developing new IT systems.

Against this background, core earnings before provisions for bad and doubtful debts are expected to be at around the same level as in 2003.

Provided that the economic climate remains unchanged, provisions for bad and doubtful debts are expected to remain at a low level.

Earnings from investment portfolios will depend largely on the level of securities prices at the end of 2004.

## Realkredit Danmark Group

<b>CORE EARNINGS AND NET PROFIT FOR THE PERIOD</b>					
DKr m	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q2 2003
Administration margin	578	571	564	558	550
Net interest income, exclusive of earnings from investment portfolios	230	232	267	337	288
Fee and commission income, net	34	33	47	28	41
Other core income	86	76	64	-16	23
<b>Total core income</b>	<b>928</b>	<b>912</b>	<b>942</b>	<b>907</b>	<b>902</b>
Operating expenses and depreciation	307	324	381	380	362
<b>Core earnings before provisions</b>	<b>621</b>	<b>588</b>	<b>561</b>	<b>527</b>	<b>540</b>
Provisions for bad and doubtful debts	1	2	19	-19	-2
<b>Core earnings</b>	<b>620</b>	<b>586</b>	<b>542</b>	<b>546</b>	<b>542</b>
Earnings from investment portfolios	-43	127	13	11	124
<b>Profit before tax</b>	<b>577</b>	<b>713</b>	<b>555</b>	<b>557</b>	<b>666</b>
Tax	146	186	116	146	152
<b>Net profit for the period</b>	<b>431</b>	<b>527</b>	<b>439</b>	<b>411</b>	<b>514</b>

## BALANCE SHEET

DKr m					
<b>Assets</b>					
Due from credit institutions, etc.	30,345	22,401	14,914	32,869	48,379
Lending	507,780	503,133	498,037	489,471	484,464
Bonds and shares, etc.	42,673	33,154	128,323	43,802	26,343
Other assets	2,657	2,551	5,872	3,444	2,858
<b>Total assets</b>	<b>583,455</b>	<b>561,239</b>	<b>647,146</b>	<b>569,586</b>	<b>562,044</b>
<b>Liabilities and equity</b>					
Due to credit institutions, etc.	2,303	-	874	20	13
Issued bonds	542,230	526,253	603,120	530,350	525,141
Other liabilities	10,727	7,222	15,915	12,418	10,503
Shareholders' equity	28,195	27,764	27,237	26,798	26,387
<b>Total liabilities and equity</b>	<b>583,455</b>	<b>561,239</b>	<b>647,146</b>	<b>569,586</b>	<b>562,044</b>

## Accounting policies

The interim report for the six months ended June 30, 2004 has been prepared in accordance with the guidelines of the Copenhagen Stock Exchange A/S for issuers of listed bonds and the Danish Financial Supervisory Authority's executive order on the presentation of accounts, etc., by mortgage credit institutions. The Group has not changed its accounting policies from those followed in the Annual Report for 2003.

**PROFIT AND LOSS ACCOUNT JANUARY 1 - JUNE 30**

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2004	2003	2004	2003
2, 8	Interest income	13,805	15,406	13,803	15,404
3	Interest expense	11,857	13,435	11,857	13,435
	<b>NET INTEREST INCOME</b>	<b>1,948</b>	<b>1,971</b>	<b>1,946</b>	<b>1,969</b>
8	Dividends from shares	14	7	13	7
8	Fee and commission income	415	489	415	489
	Fees and commissions paid	279	310	279	310
	<b>NET INTEREST AND FEE INCOME</b>	<b>2,098</b>	<b>2,157</b>	<b>2,095</b>	<b>2,155</b>
4, 8	Securities and foreign exchange income	-189	-29	-188	-29
8	Other operating income	83	73	16	18
5	Staff costs and administrative expenses	697	758	657	717
	Depreciation and write-downs	5	5	4	4
	Provisions for bad and doubtful debts	3	24	3	24
6	Income from associated and subsidiary undertakings	3	-	31	15
1	<b>PROFIT BEFORE TAX</b>	<b>1,290</b>	<b>1,414</b>	<b>1,290</b>	<b>1,414</b>
7	Tax	332	347	332	347
	<b>NET PROFIT FOR THE PERIOD</b>	<b>958</b>	<b>1,067</b>	<b>958</b>	<b>1,067</b>

**BALANCE SHEET AT JUNE 30**

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2004	2003	2004	2003
<b>ASSETS</b>					
	Cash in hand and demand deposits with central banks	6	64	6	64
9	Due from credit institutions and deposits with central banks	30,339	48,315	30,320	48,274
10	<b>Lending:</b>				
	Mortgage loans	507,311	483,917	507,311	483,917
	Other loans	469	547	438	516
	<b>Total lending</b>	<b>507,780</b>	<b>484,464</b>	<b>507,749</b>	<b>484,433</b>
11	Bonds	42,275	25,999	42,275	25,999
	Shares, etc.	147	97	97	97
	Holdings in associated undertakings	251	237	252	237
	Holdings in subsidiary undertakings	-	10	137	112
	Tangible assets	753	730	752	729
12	Other assets	1,884	2,109	1,826	2,064
	Prepayments	20	19	19	19
	<b>TOTAL ASSETS</b>	<b>583,455</b>	<b>562,044</b>	<b>583,433</b>	<b>562,028</b>
<b>LIABILITIES AND EQUITY</b>					
	Due to credit institutions and central banks	2,303	13	2,303	12
13	Issued bonds	542,230	525,141	542,230	525,141
14	Other liabilities	10,056	9,726	10,034	9,711
15	Provisions for obligations	671	777	671	777
16	<b>Shareholders' equity:</b>				
	Share capital	625	625	625	625
	Reserves:				
	Reserves in series	2,770	3,823	2,770	3,823
	Other reserves	23,842	20,872	23,842	20,872
	Net profit for the period	958	1,067	958	1,067
	<b>Total shareholders' equity</b>	<b>28,195</b>	<b>26,387</b>	<b>28,195</b>	<b>26,387</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>583,455</b>	<b>562,044</b>	<b>583,433</b>	<b>562,028</b>
<b>OFF-BALANCE-SHEET ITEMS</b>					
17	Guarantees, etc.	4	5	4	5
18	Other commitments	1,207	1,392	1,198	1,382
	<b>TOTAL OFF-BALANCE-SHEET ITEMS</b>	<b>1,211</b>	<b>1,397</b>	<b>1,202</b>	<b>1,387</b>



## NOTES TO THE ACCOUNTS

Note DKr m

### 1 Core earnings and earnings from investment portfolios of the Realkredit Danmark Group

	First half of 2004			Total*
	Core earnings	Earnings from investment portfolios	Eliminations	
Administration margin	1,149	-	-	1,149
Net interest income	462	337	-	799
Dividends from shares	-	14	-	14
Fee and commission income	67	-	69	136
<b>Net interest and fee income</b>	<b>1,678</b>	<b>351</b>	<b>69</b>	<b>2,098</b>
Securities and foreign exchange income	79	-268	-	-189
Other operating income	83	-	-	83
Staff costs and administrative expenses	626	2	69	697
Depreciation and write-downs	5	-	-	5
Provisions for bad and doubtful debts	3	-	-	3
Income from associated and subsidiary undertakings	-	3	-	3
<b>Profit before tax</b>	<b>1,206</b>	<b>84</b>	<b>-</b>	<b>1,290</b>

  

	First half of 2003			Total*
	Core earnings	Earnings from investment portfolios	Eliminations	
Administration margin	1,094	-	-	1,094
Net interest income	612	265	-	877
Dividends from shares	-	7	-	7
Fee and commission income	111	-	68	179
<b>Net interest and fee income</b>	<b>1,817</b>	<b>272</b>	<b>68</b>	<b>2,157</b>
Securities and foreign exchange income	36	-65	-	-29
Other operating income	73	-	-	73
Staff costs and administrative expenses	688	2	68	758
Depreciation and write-downs	5	-	-	5
Provisions for bad and doubtful debts	24	-	-	24
Income from associated and subsidiary undertakings	-	-	-	-
<b>Profit before tax</b>	<b>1,209</b>	<b>205</b>	<b>-</b>	<b>1,414</b>

\* The statutory accounting format of the Danish Financial Supervisory Authority.

The business area Mortgage Finance in the Danske Bank Group is identical to the activities carried out by the Realkredit Danmark Group. In Danske Bank's report for the first half of 2004, core earnings for the business area Mortgage Finance is stated at DKr1,094m, compared with DKr1,206m in Realkredit Danmark. In order to make business areas in the Danske Bank Group comparable, interest income for a business area is calculated on the basis of the area's risk-weighted items. The difference in core earnings of DKr112m between the business area Mortgage Finance and Realkredit Danmark is mainly due to the fact that the calculated basis for return on capital for the business area is lower than Realkredit Danmark's shareholders' equity.

In 2002, several of the Danske Bank Group's administrative functions relating to property finance were gathered at Realkredit Danmark. Realkredit Danmark still pays fees to Danske Bank to cover, among other things, the costs of this administration. Danske Bank therefore reimburses Realkredit Danmark for these costs. For the first six months of 2004, reimbursements from Danske Bank totalled DKr69m, which amount has been set off against costs in the statement of core earnings and earnings from investment portfolios. In the official accounts, the reimbursements are included under fees.

NOTES TO THE ACCOUNTS

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2004	2003	2004	2003
<b>2</b>	<b>Interest income</b>				
	Due from credit institutions and deposits with central banks	126	416	126	416
	Lending	11,735	13,117	11,733	13,115
	Administration margin	1,149	1,094	1,149	1,094
	Bonds:				
	Own mortgage bonds	235	115	235	115
	Other mortgage bonds	12	30	12	30
	Government bonds	429	420	429	420
	Derivatives:				
	Interest rate contracts	57	118	57	118
	Other interest income	62	96	62	96
	<b>Total</b>	<b>13,805</b>	<b>15,406</b>	<b>13,803</b>	<b>15,404</b>
	Portion attributable to interest income on reverse transactions recognised under:				
	Due from credit institutions and deposits with central banks	1	59	1	59
<b>3</b>	<b>Interest expense</b>				
	Due to credit institutions and central banks	27	23	27	23
	Issued bonds	11,792	13,339	11,792	13,339
	Reimbursement of commitment fees, etc.	34	69	34	69
	Other interest expense	4	4	4	4
	<b>Total</b>	<b>11,857</b>	<b>13,435</b>	<b>11,857</b>	<b>13,435</b>
	Portion attributable to interest expense on repo transactions recognised under:				
	Due to credit institutions and central banks	-	4	-	4
<b>4</b>	<b>Securities and foreign exchange income</b>				
	Bonds:				
	Own mortgage bonds	102	102	102	102
	Other mortgage bonds	-6	-8	-6	-8
	Government bonds	-244	-82	-244	-82
	Shares, etc.	-1	-	-	-
	Fixed-rate loans, etc.	4	-10	4	-10
	Foreign currency	1	4	1	4
	Derivatives:				
	Interest rate contracts	-45	-35	-45	-35
	<b>Total</b>	<b>-189</b>	<b>-29</b>	<b>-188</b>	<b>-29</b>

NOTES TO THE ACCOUNTS

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2004	2003	2004	2003
<b>5</b>	<b>Staff costs and administrative expenses</b>				
	<b>Salaries and remuneration of Executive Board, Board of Directors and local councils:</b>				
	Executive Board	2	2	2	2
	Board of Directors	1	1	1	1
	Local councils	2	2	2	2
	<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
	<b>Staff costs:</b>				
	Salaries	238	242	230	235
	Pension costs	28	27	27	26
	Financial services employer tax, etc.	22	23	22	22
	<b>Total</b>	<b>288</b>	<b>292</b>	<b>279</b>	<b>283</b>
	<b>Other administrative expenses</b>	<b>404</b>	<b>461</b>	<b>373</b>	<b>429</b>
	<b>Total staff costs and administrative expenses</b>	<b>697</b>	<b>758</b>	<b>657</b>	<b>717</b>
<b>6</b>	<b>Income from associated and subsidiary undertakings</b>				
	Income from associated undertakings	3	-	3	-
	Income from subsidiary undertakings	-	-	28	15
	<b>Total</b>	<b>3</b>	<b>-</b>	<b>31</b>	<b>15</b>
<b>7</b>	<b>Tax (minus denotes a credit)</b>				
	Estimated tax charge on the profit for the year	336	368	336	368
	Re-adjustment of prior-year tax charge	-5	-22	-5	-22
	Tax on provisions	1	1	1	1
	<b>Total</b>	<b>332</b>	<b>347</b>	<b>332</b>	<b>347</b>
	The effective tax rate is calculated as follows:				
	The statutory tax rate of the Realkredit Danmark Group	30.0%	30.0%	30.0%	30.0%
	Deviation as a result of joint taxation with Danske Bank	-4.0%	-4.0%	-4.0%	-4.0%
	Re-adjustment of prior-year tax charge	-0.4%	-1.5%	-0.4%	-1.5%
	Other	0.1%	0.1%	0.1%	0.1%
	<b>Effective tax rate</b>	<b>25.7%</b>	<b>24.6%</b>	<b>25.7%</b>	<b>24.6%</b>
<b>8</b>	<b>Income broken down by country</b>				
	Total interest income, dividends on shares, fee and commission income, securities and foreign exchange income and other operating income broken down geographically:				
	Denmark	14,127	15,945	14,058	15,888
	Other countries	1	1	1	1
	<b>Total</b>	<b>14,128</b>	<b>15,946</b>	<b>14,059</b>	<b>15,889</b>

NOTES TO THE ACCOUNTS

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2004	2003	2004	2003
<b>9</b>	<b>Due from credit institutions and deposits with central banks</b>				
	Deposits at notice with central banks	19,689	-	19,688	-
	Due from credit institutions	10,650	48,315	10,632	48,274
	<b>Total</b>	<b>30,339</b>	<b>48,315</b>	<b>30,320</b>	<b>48,274</b>
	Portion attributable to reverse transactions	-	37,793	-	37,793
<b>10</b>	<b>Lending</b>				
	Mortgage loans	507,311	483,917	507,311	483,917
	Outstanding amounts in respect of non-foreclosures	165	287	165	287
	Other loans	304	260	273	229
	<b>Total</b>	<b>507,780</b>	<b>484,464</b>	<b>507,749</b>	<b>484,433</b>
	<b>Mortgage loans</b>				
	Balance at January 1	497,833	469,197	497,833	469,197
	New loans	71,222	88,157	71,222	88,157
	Index adjustment	944	1,217	944	1,217
	Exchange rate adjustment	-39	22	-39	22
	Ordinary repayments	7,995	7,860	7,995	7,860
	Redemptions and extraordinary repayments	54,400	66,585	54,400	66,585
	<b>Balance at June 30</b>	<b>507,565</b>	<b>484,148</b>	<b>507,565</b>	<b>484,148</b>
	Loans transferred to foreclosed properties	47	37	47	37
	Loan provisions	354	357	354	357
	Loans taken over by the Danish Financial Administration Agency	147	163	147	163
	<b>Total</b>	<b>507,311</b>	<b>483,917</b>	<b>507,311</b>	<b>483,917</b>
<b>11</b>	<b>Bonds</b>				
	Security has been provided to Danmarks Nationalbank by way of bonds with a book value of	11,137	12,623	11,137	12,623
<b>12</b>	<b>Other assets</b>				
	Interest, etc. due on mortgage loans	130	139	130	139
<b>13</b>	<b>Issued bonds</b>				
	This item solely comprises issued mortgage bonds.				
	Balance at January 1	603,120	567,912	603,120	567,912
	Additions	76,542	94,416	76,542	94,416
	Index adjustment	947	1,221	947	1,221
	Exchange rate adjustment	-42	28	-42	28
	Drawings and prepayments	117,661	127,221	117,661	127,221
	Redemptions and extraordinary repayments	20,676	11,215	20,676	11,215
	<b>Balance at June 30</b>	<b>542,230</b>	<b>525,141</b>	<b>542,230</b>	<b>525,141</b>

NOTES TO THE ACCOUNTS

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S			
		2004	2003	2004	2003		
<b>14</b>	<b>Other liabilities</b>						
	Interest accrued on issued mortgage bonds	8,183	8,621	8,183	8,621		
<b>15</b>	<b>Provisions for obligations</b>						
	Reserves in series subject to a reimbursement obligation	671	777	671	777		
	<b>Total</b>	<b>671</b>	<b>777</b>	<b>671</b>	<b>777</b>		
<b>16</b>	<b>Shareholders' equity</b>						
	Realkredit Danmark A/S's share capital of DKr625m comprises 6,250,000 shares of DKr100 each. The share capital is wholly owned by Danske Bank A/S.						
	Movements in shareholders' equity:						
		Share capital	Reserves in series	Other reserves	Profit for the period	Total 2004	Total 2003
	Balance at January 1	625	2,770	23,842	-	27,237	25,248
	Revaluation of unlisted shares	-	-	-	-	-	72
	Net profit for the period	-	-	-	958	958	1,067
	<b>Balance at June 30</b>	<b>625</b>	<b>2,770</b>	<b>23,842</b>	<b>958</b>	<b>28,195</b>	<b>26,387</b>
<b>17</b>	<b>Guarantees, etc.</b>						
	Other guarantees	4	5	4	5	4	5
	<b>Total</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>
<b>18</b>	<b>Other commitments</b>						
	Irrevocable credit commitments, reverse mortgages	1,077	1,261	1,077	1,261	1,077	1,261
	Other commitments	130	131	121	121	121	121
	<b>Total</b>	<b>1,207</b>	<b>1,392</b>	<b>1,198</b>	<b>1,382</b>	<b>1,198</b>	<b>1,382</b>
<b>19</b>	<b>Capital base and solvency</b>						
	Capital base						
	Core (tier 1) capital, less statutory deductions	27,072	25,140	27,083	25,153	27,083	25,153
	Total supplementary capital	212	254	212	254	212	254
	Total capital base, less statutory deductions	27,284	25,394	27,295	25,407	27,295	25,407
	Weighted items						
	not included in trading portfolio	263,912	255,201	263,918	255,221	263,918	255,221
	included in trading portfolio, with market risk	3,432	2,990	3,422	2,979	3,422	2,979
	Total weighted items	267,344	258,191	267,340	258,200	267,340	258,200
	Core (tier 1) capital ratio, %	10.1	9.7	10.1	9.7	10.1	9.7
	Solvency ratio, %	10.2	9.8	10.2	9.8	10.2	9.8
	Statutory minimum solvency requirement, %	8.0	8.0	8.0	8.0	8.0	8.0

## RATIOS FOR THE FIRST HALF YEAR

	2004	2003	2002	2001	2000
<b>Realkredit Danmark Group</b>					
1. Solvency ratio, %	10.2	9.8	9.9	9.8	10.8
2. Core (tier 1) capital ratio, %	10.1	9.7	9.7	9.7	8.9
3. Half-year return on equity before tax, %	4.7	5.5	5.2	5.2	4.3
4. Half-year return on equity after tax, %	3.5	4.1	3.9	3.9	2.9
5. Income/cost ratio, DKr	2.83	2.80	2.80	2.64	2.14
6. Foreign exchange position, %	4.4	4.6	3.3	6.5	4.0
7. Accumulated provisioning ratio, %	0.1	0.1	0.1	0.1	0.2
8. Write-off and provisioning ratio for the half-year, %	0.0	0.0	0.0	0.0	0.0
9. Growth in lending for the half-year, %	2.0	3.2	2.2	2.4	1.7
10. Gearing of lending	18.0	18.4	19.0	19.4	20.4
<b>Realkredit Danmark A/S</b>					
1. Solvency ratio, %	10.2	9.8	9.9	9.8	10.9
2. Core (tier 1) capital ratio, %	10.1	9.7	9.7	9.7	9.1
3. Half-year return on equity before tax, %	4.7	5.5	5.2	5.2	4.3
4. Half-year return on equity after tax, %	3.5	4.1	3.9	3.9	2.9
5. Income/cost ratio, DKr	2.94	2.90	2.90	2.92	2.25
6. Foreign exchange position, %	4.4	4.6	3.3	6.5	4.0
7. Accumulated provisioning ratio, %	0.1	0.1	0.1	0.1	0.2
8. Write-off and provisioning ratio for the half-year, %	0.0	0.0	0.0	0.0	0.0
9. Growth in lending for the half-year, %	2.0	3.2	2.2	2.3	1.0
10. Gearing of lending	18.0	18.4	19.0	19.4	19.5

Ratios are defined by the Danish Financial Supervisory Authority in its executive order on the presentation of accounts by mortgage credit institutions.

## GROUP STRUCTURE

	Share capital June 30, 2004 (thousands)	Ownership share, %
Realkredit Danmark A/S, Copenhagen	DKK 625,000	
Consolidated subsidiary: home a/s, Copenhagen	DKK 15,000	100
Non-consolidated subsidiaries: Undertaking acquired in the process of preventing losses, book value DKr0m: Omegadane SARL, Paris	EUR 8	100

### **Financial reports for 2004**

The report for the first nine months of 2004 is expected to be published on October 26, 2004.

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### **Relevant links**

[www.rd.dk](http://www.rd.dk)  
[www.danskebank.com](http://www.danskebank.com)  
[www.bgbank.dk](http://www.bgbank.dk)  
[www.home.dk](http://www.home.dk)