

Interim Report 2005

Stock Exchange Announcement No. 9/2005
August 11, 2005

REALKREDIT
Danmark

| | |
|--|----|
| Highlights – Realkredit Danmark Group | 3 |
| Review | 4 |
| Results for the first half of 2005 | 4 |
| Capital and solvency | 4 |
| Balance sheet | 4 |
| Mortgage credit market | 5 |
| Competition | 5 |
| Accounting policies | 5 |
| Outlook for 2005 | 6 |
| Accounts for the Realkredit Danmark Group | 7 |
| Accounts for Realkredit Danmark A/S | 15 |
| Financial calendar | 23 |
| Contact, etc. | 23 |

This Interim Report is a translation of the original report in the Danish language (Halvårsrapport 2005). In case of discrepancies, the Danish report prevails.

Highlights - Realkredit Danmark Group

| NET PROFIT FOR THE PERIOD | 1st half | 1st half | Index | Full year |
|---|-----------------|----------|-------|-----------|
| DKr m | 2005 | 2004 | 05/04 | 2004 |
| Administration margin | 1,206 | 1,149 | 105 | 2,318 |
| Net interest income | 580 | 453 | 128 | 953 |
| Net fee income | 69 | 67 | 103 | 125 |
| Net trading income | 319 | 165 | 193 | 436 |
| Other income | 72 | 79 | 91 | 126 |
| Total income | 2,246 | 1,913 | 117 | 3,958 |
| Operating expenses | 627 | 634 | 99 | 1,255 |
| Profit before credit loss expenses | 1,619 | 1,279 | 127 | 2,703 |
| Credit loss expenses | -76 | -3 | - | -18 |
| Profit before tax | 1,695 | 1,282 | 132 | 2,721 |
| Tax | 440 | 330 | 133 | 655 |
| Net profit for the period | 1,255 | 952 | 132 | 2,066 |

BALANCE SHEET

| DKr m | | | | |
|--|----------------|---------|-----|---------|
| Due from credit institutions, etc. | 41,787 | 30,345 | 138 | 12,886 |
| Mortgage loans | 545,801 | 509,427 | 107 | 524,428 |
| Bonds and shares | 10,300 | 17,437 | 59 | 35,891 |
| Other assets | 3,189 | 2,910 | 110 | 3,328 |
| Total assets | 601,077 | 560,119 | 107 | 576,533 |
| Due to credit institutions, etc. | 2,722 | 2,303 | 118 | 2,068 |
| Issued mortgage bonds | 558,836 | 519,036 | 108 | 531,401 |
| Other liabilities | 9,630 | 9,717 | 99 | 12,889 |
| Allocation to reserves subj. to a reimbursement obligation | 492 | 535 | 92 | 533 |
| Shareholders' equity | 29,397 | 28,528 | 103 | 29,642 |
| Total liabilities and equity | 601,077 | 560,119 | 107 | 576,533 |

RATIOS AND KEY FIGURES

| | | | | |
|--|-------------|------|--|------|
| Net profit for the period as % p.a. of avg. shareh. equity | 8.5 | 6.8 | | 7.2 |
| Cost/income ratio, % | 27.9 | 33.1 | | 31.7 |
| Solvency ratio (excl. of net profit for the period), % | 9.5 | 10.2 | | 10.1 |
| Core (tier 1) cap. ratio (excl. of net profit for the period), % | 9.4 | 10.1 | | 10.0 |
| Full-time-equivalent staff, end of period | 741 | 972 | | 771 |

REVIEW

- The Realkredit Danmark Group recorded a pre-tax profit of DKr1,695m for the first half of 2005, against DKr1,282 for the first half of 2004.
- Income totalled DKr2,246m for the first half of 2005, against DKr1,913m for the first half of 2004.
- The market share of gross lending rose during the first half of 2005 from 26.6% in the first quarter to 29.2% in the second quarter. The market share of the loan portfolio was 33.4% at the end of the first half of 2005, against 34.2% at the end of 2004.
- At June 30, 2005, the solvency ratio was 9.5%.
- For 2005, the pre-tax profit is expected to be up to 10% higher than for 2004.

Results for the first half of 2005

The pre-tax profit was DKr1,695m for the first half of 2005, against DKr1,282m for the first half of the year before. The development in results for the first half of 2005 was better than expected at the release of the report for the first quarter of 2005. The pre-tax profit for the whole of 2005 is expected to be up to 10% higher than the pre-tax profit for 2004.

At DKr1,206m, the administration margin was up DKr57m on the first half of 2004 as a result of an increasing loan portfolio. Net interest income was affected by stronger activity, triggered partly by the fall in interest rates in the first half of 2005, and compared with the first half of 2004, it increased by 28% to DKr580m. The drop in interest rates also led to an increasing net return on the Group's proprietary investment portfolio, and net trading income increased to DKr319m this year from DKr165m in the first half of 2004. Net trading income consists of market value adjustments and the yield on the proprietary investment portfolio after deduction of funding costs – calculated on the basis of short-term money market rates.

At DKr627m, operating expenses remained practically unchanged from last year.

In the first half of 2005, credit loss expenses represented an income of DKr76m, against DKr3m in the first half of 2004. The income in 2005 is explained by the fact that certain impairment write-downs were reversed without losses.

Capital and solvency

At June 30, 2005, shareholders' equity stood at DKr29,397m, against DKr29,642m at the beginning of the year. The trend is explained by the payment of dividend for 2004 of DKr1,500m and a net profit for the period of DKr1,255m.

The solvency ratio (excluding the net profit for the period) was 9.5% at June 30, 2005, and the core (tier 1) capital ratio was 9.4%.

Balance sheet

In the first half of 2005, mortgage lending rose by DKr21bn to DKr546bn, representing outstanding nominal bond debt, value adjustments and impairment write-downs. The outstanding nominal bond debt increased in the first half of 2005 by DKr16bn.

Realkredit Danmark funds its loans to borrowers by issuing mortgage bonds listed on the Copenhagen Stock Exchange. At the end of the first half of 2005, Realkredit Danmark had issued mortgage bonds for

a total market value of Dkr559bn. In terms of nominal value, issued bonds totalled Dkr546bn, against Dkr523bn at the end of 2004. The amounts are exclusive of holdings of own mortgage bonds.

Mortgage credit market

In the first half of 2005, gross lending on the Danish mortgage credit market was up 63% on the first half of 2004 and totalled Dkr378bn. The very strong activity on the mortgage credit market was explained by extremely low interest rates resulting in extensive interest-rate-driven refinancing. Realkredit Danmark's introduction in November 2004 of FlexGaranti[®] followed by similar products from its competitors also generated activity.

In the first half of 2005, interest rates fell on 30-year fixed-rate loans and FlexLån[®]. At the end of the first half of 2005, the rate of interest on a 4% 30-year fixed-rate loan stood at 4.2%, and the interest rate on FlexLån[®] with full annual interest reset was 2.2%. At the beginning of the year, these rates were 4.6% and 2.5%, respectively.

Competition

Realkredit Danmark holds a third of the loan portfolio on the mortgage credit market and its share of gross lending rose to 29.2% in the second quarter of 2005 from 26.6% in the first quarter. The market share in the fourth quarter of 2004 and the first quarter of 2005 should be seen in light of the introduction of FlexGaranti[®]. Realkredit Danmark was first on the market and increased its market share in the fourth quarter of 2004. Its market share fell correspondingly in the first quarter of 2005, when competitors – following their introduction of similar products – experienced a large increase in gross lending to their customers.

Quarter-on-quarter movements were as follows:

| MARKET SHARE, ALL MARKETS % | Q2 2005 | Q1 2005 | Q4 2004 | Q3 2004 | Q2 2004 |
|--------------------------------|------------|------------|------------|------------|------------|
| Gross lending | 29.2 | 26.6 | 34.9 | 31.6 | 29.8 |
| Loan portfolio | 33.4 | 33.8 | 34.2 | 34.0 | 34.3 |

FlexLån[®] accounted for 31% of gross lending in the first half of 2005, against 60% for 2004 as a whole. To some extent, the flagging demand for FlexLån[®] can be explained by lower interest rates on fixed-rate loans. These accounted for 48% of total gross lending in the first half of 2005, against 31% for 2004 as a whole.

The FlexGaranti[®] loan type launched in November 2004 accounted for 21% of gross lending in the first half of 2005, and at the end of the half-year, FlexGaranti[®] represented a Dkr35bn portion of the loan portfolio, against Dkr12bn at the beginning of the year. Since April 2005, FlexGaranti[®] has also been offered with an interest-rate cap of 5% and a term of up to 30 years. The only cap option previously available was 6%. At the same time, customers were given the choice of a FlexGaranti[®] version under which the interest rate follows general interest rates down even if the cap has been reached.

Accounting policies

The interim report for the first half of 2005 has been prepared in compliance with IAS 34 *Interim Financial Reporting* supplemented by the Copenhagen Stock Exchange A/S's and the Danish Financial Supervisory Authority's requirements to the presentation of interim accounts. The application of IAS 34 means that the presentation of figures is less detailed than the presentation in a full annual report and that the valuation principles laid down by the International Financial Reporting Standards (IFRS) are applied.

The Group has decided to present its accounts in accordance with the IFRS with effect from January 1, 2005, and to restate figures for 2004.

As described in the Annual Report 2004, the Group deviates from IAS 39 *Financial Instruments* approved by the EU and recognises issued mortgage bonds and related mortgage loans at fair value. This practice falls within the updated fair value option of IAS 39 expected to be approved by the EU in the autumn of 2005.

The effect of the Group's transition to IFRS was presented in the Annual Report 2004. The effect of the transition to IFRS on the quarterly results as well as shareholders' equity is shown on page 14 of this report.

Outlook for 2005

According to the report for the first quarter of 2005, Realkredit Danmark expects that, at unchanged securities prices, the pre-tax profit for 2005 will be at around the same level as in 2004.

In view of the very high level of activity in the Danish mortgage credit market in the first half of 2005 and the continuation of the strong demand for mortgage loans, Realkredit Danmark now expects gross lending in 2005 to be somewhat higher than in 2004. In the second half of 2005, however, activity is not expected to reach the same high level as in the first half of the year.

The increase in the volume of lending will boost the administration margin in 2005. Net interest income is expected to be larger than in 2004 because of the higher activity level. Net trading income will depend largely on the level of securities prices at the end of the year.

Operating expenses are expected to be kept at an unchanged level.

Provided that the economic climate remains unchanged, credit loss expenses are expected to remain low.

The pre-tax profit for 2005 will depend largely on trends in the financial markets. At unchanged securities prices, the pre-tax profit for 2005 is expected to be up to 10% higher than the pre-tax profit for 2004.

The Group's tax is expected to be 27% of profit before tax.

Copenhagen, August 11, 2005

Quarterly results - Realkredit Danmark Group

| NET PROFIT FOR THE PERIOD | Q2 | Q1 | Q4 | Q3 | Q2 |
|---|--------------|-----------|-----------|-----------|-----------|
| DKr m | 2005 | 2005 | 2004 | 2004 | 2004 |
| Administration margin | 609 | 597 | 587 | 582 | 578 |
| Net interest income | 299 | 281 | 244 | 256 | 223 |
| Net fee income | 31 | 38 | 51 | 7 | 34 |
| Net trading income | 178 | 141 | 135 | 136 | 2 |
| Other income | 22 | 50 | 13 | 34 | 41 |
| Total income | 1,139 | 1,107 | 1,030 | 1,015 | 878 |
| Operating expenses | 321 | 306 | 344 | 277 | 300 |
| Profit before credit loss expenses | 818 | 801 | 686 | 738 | 578 |
| Credit loss expenses | -27 | -49 | -2 | -13 | -8 |
| Profit before tax | 845 | 850 | 688 | 751 | 586 |
| Tax | 201 | 239 | 130 | 195 | 148 |
| Net profit for the period | 644 | 611 | 558 | 556 | 438 |

BALANCE SHEET

| DKr m | | | | | |
|--|----------------|---------|---------|---------|---------|
| Due from credit institutions, etc. | 41,787 | 35,511 | 12,886 | 17,545 | 30,345 |
| Mortgage loans | 545,801 | 531,206 | 524,428 | 515,900 | 509,427 |
| Bonds and shares | 10,300 | 11,736 | 35,891 | 20,101 | 17,437 |
| Other assets | 3,189 | 2,968 | 3,328 | 3,133 | 2,910 |
| Total assets | 601,077 | 581,421 | 576,533 | 556,679 | 560,119 |
| Due to credit institutions, etc. | 2,722 | - | 2,068 | 15 | 2,303 |
| Issued mortgage bonds | 558,836 | 545,749 | 531,401 | 516,907 | 519,036 |
| Other liabilities | 9,630 | 6,397 | 12,889 | 10,143 | 9,717 |
| Allocation to reserves subject to a reimbursement obligation | 492 | 522 | 533 | 530 | 535 |
| Shareholders' equity | 29,397 | 28,753 | 29,642 | 29,084 | 28,528 |
| Total liabilities and equity | 601,077 | 581,421 | 576,533 | 556,679 | 560,119 |

RATIOS AND KEY FIGURES

| | | | | | |
|--|-------------|------|------|------|------|
| Net profit for the period as % p.a. of avg. shareholders' equity | 8.9 | 8.4 | 7.6 | 7.7 | 6.2 |
| Cost/income ratio, % | 28.2 | 27.6 | 33.4 | 27.3 | 34.2 |
| Solvency ratio (excl. of net profit for the period), %* | 9.5 | 9.8 | 10.1 | 10.1 | 10.2 |
| Core (tier 1) capital ratio (excl. of net profit for the period), %* | 9.4 | 9.7 | 10.0 | 10.1 | 10.1 |
| Full-time-equivalent staff, end of period | 741 | 741 | 771 | 985 | 972 |

* Q4 2004 figure includes the profit for the year.

Segment reporting - Realkredit Danmark Group

| 1st half 2005 | Mortgage | Own | | Reclassi- | |
|--|-----------------|-----------------|-------------------|------------------|---------------|
| DKr m | finance | holdings | Highlights | fication | Total* |
| Administration margin | 1,206 | - | 1,206 | - | 1,206 |
| Net interest income | 580 | - | 580 | 271 | 851 |
| Dividend from shares | - | - | - | 10 | 10 |
| Net fee income | 69 | - | 69 | - | 69 |
| Net trading income | 99 | 220 | 319 | -319 | - |
| Securities and foreign exchange income | - | - | - | -15 | -15 |
| Other income | 72 | - | 72 | 30 | 102 |
| Total income | 2,026 | 220 | 2,246 | -23 | 2,223 |
| Operating expenses | 625 | 2 | 627 | | 627 |
| Profit before credit loss expenses | 1,401 | 218 | 1,619 | -23 | 1,596 |
| Credit loss expenses | -76 | - | -76 | - | -76 |
| Income from associated and subsidiary undertakings | - | - | - | 23 | 23 |
| Profit before tax | 1,477 | 218 | 1,695 | - | 1,695 |

| 1st half 2004 | Mortgage | Own | | Reclassi- | |
|--|-----------------|-----------------|-------------------|------------------|---------------|
| DKr m | finance | holdings | Highlights | fication | Total* |
| Administration margin | 1,149 | - | 1,149 | - | 1,149 |
| Net interest income | 453 | - | 453 | 337 | 790 |
| Dividend from shares | - | - | - | 14 | 14 |
| Net fee income | 67 | - | 67 | 69 | 136 |
| Net trading income | 79 | 86 | 165 | -165 | - |
| Securities and foreign exchange income | - | - | - | -189 | -189 |
| Other income | 79 | - | 79 | - | 79 |
| Total income | 1,827 | 86 | 1,913 | 66 | 1,979 |
| Operating expenses | 632 | 2 | 634 | 69 | 703 |
| Profit before credit loss expenses | 1,195 | 84 | 1,279 | -3 | 1,276 |
| Credit loss expenses | -3 | - | -3 | - | -3 |
| Income from associated and subsidiary undertakings | - | - | - | 3 | 3 |
| Profit before tax | 1,198 | 84 | 1,282 | - | 1,282 |

* Official IFRS format (summarised)

In addition to the mortgage finance business itself, mortgage finance also includes purchases and sales of real property through the "home" franchise.

Own holdings comprise the net return on the part of the securities portfolio not relating to the mortgage finance business.

Income statement - Realkredit Danmark Group

| DKr m | 1st half 2005 | 1st half 2004 |
|--|------------------|------------------|
| Interest income | 13,561 | 13,571 |
| Interest expense | 11,504 | 11,632 |
| Net interest income | 2,057 | 1,939 |
| Dividends from shares | 10 | 14 |
| Fee and commission income | 475 | 415 |
| Fee and commission expense | 406 | 279 |
| Net fee and commission income | 2,136 | 2,089 |
| Securities and foreign exchange income | -15 | -189 |
| Other operating income | 102 | 79 |
| Staff costs and administrative expenses | 622 | 697 |
| Amortisation, depreciation and write-downs | 5 | 6 |
| Credit loss expenses | -76 | -3 |
| Income from associated and subsidiary undertakings | 23 | 3 |
| Profit before tax | 1,695 | 1,282 |
| Tax | 440 | 330 |
| Net profit for the period | 1,255 | 952 |

Balance sheet - Realkredit Danmark Group

| DKr m | June 30 2005 | Dec. 31 2004 |
|--|-----------------|-----------------|
| ASSETS | | |
| Cash in hand and demand deposits with central banks | 7 | 3 |
| Due from credit institutions and deposits with central banks | 41,780 | 12,883 |
| Mortgage loans carried at fair value | 545,801 | 524,428 |
| Loans and other amounts due to Realkredit Danmark carried at amortised cost | 444 | 498 |
| Bonds carried at fair value | 10,098 | 35,470 |
| Shares | 171 | 154 |
| Holdings in associated undertakings | 32 | 267 |
| Total land and buildings | 622 | 653 |
| Investment property | 336 | 366 |
| Domicile property | 286 | 287 |
| Other tangible assets | 17 | 18 |
| Current tax assets | - | 22 |
| Deferred tax assets | 109 | 121 |
| Other assets | 1,793 | 1,942 |
| Prepayments | 203 | 74 |
| Total assets | 601,077 | 576,533 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Due to credit institutions and central banks | 2,722 | 2,068 |
| Issued mortgage bonds carried at fair value | 558,836 | 531,401 |
| Current tax liabilities | 281 | - |
| Other liabilities | 9,349 | 12,889 |
| Total liabilities | 571,188 | 546,358 |
| PROVISIONS FOR LIABILITIES | | |
| Reserves in older series subject to a reimbursement obligation | 492 | 533 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 625 | 625 |
| Other reserves: | | |
| Reserves in series | 2,104 | 2,104 |
| Other reserves | 26,668 | 26,913 |
| Total shareholders' equity | 29,397 | 29,642 |
| Total liabilities and equity | 601,077 | 576,533 |

Capital - Realkredit Danmark Group

| DKr m | Share capital | Other reserves | Proposed dividend | Total |
|--|---------------|----------------|-------------------|---------------|
| Shareholders' equity at January 1, 2005 | 625 | 27,517 | 1,500 | 29,642 |
| Dividend paid | - | - | -1,500 | -1,500 |
| Net profit for the period | - | 1,255 | - | 1,255 |
| Shareholders' equity at June 30, 2005 | 625 | 28,772 | - | 29,397 |
| Shareholders' equity at January 1, 2004 | 625 | 26,951 | - | 27,576 |
| Net profit for the period | - | 952 | - | 952 |
| Shareholders' equity at June 30, 2004 | 625 | 27,903 | - | 28,528 |

The share capital comprises 6,250,000 shares of Dkr100 each and is wholly owned by Danske Bank A/S, Copenhagen.

Solvency - Realkredit Danmark Group

| CORE CAPITAL, CAPITAL BASE AND SOLVENCY RATIO | | | |
|--|----------------|--------------|------------------|
| DKr m | June 30 2005 | June 30 2004 | December 31 2004 |
| Core capital | 28,161 | 27,237 | 27,859 |
| Statutory deductions | 109 | 165 | 175 |
| Core (tier 1) capital, less statutory deductions | 28,052 | 27,072 | 27,684 |
| Reserves in series subject to a reimbursement obligation | 187 | 212 | 187 |
| Revaluation reserve | 18 | - | - |
| Supplementary capital, less statutory deductions | 205 | 212 | 187 |
| Capital base | 28,257 | 27,284 | 27,871 |
| Total weighted items | 297,341 | 267,344 | 276,388 |
| Core (tier 1) capital ratio, % | 9.43 | 10.13 | 10.02 |
| Solvency ratio, % | 9.50 | 10.21 | 10.08 |
| Statutory solvency requirement, % | 8.00 | 8.00 | 8.00 |

Solvency and core (tier 1) capital ratios are calculated according to the provisions applicable to the accounting periods in question.

Cash flow statement - Realkredit Danmark Group

| DKr m | 1st half 2005 | 1st half 2004 |
|---|--------------------------|------------------|
| Cash flow from operating activities | | |
| Net profit for the period | 1,255 | 952 |
| Adjustment for non-cash items in the income statement | -4,197 | -2,406 |
| Increase (-)/decrease in mortgage loans | -16,134 | -9,754 |
| Increase/decrease (-) in issued mortgage bonds | 22,824 | 1,844 |
| Other operating capital | 26,394 | 24,821 |
| Total | 30,142 | 15,457 |
| Cash flow from investing activities | | |
| Disposal of companies | 305 | 0 |
| Property, plant and equipment | -2 | -2 |
| Total | 303 | -2 |
| Cash flow from financing activities | | |
| Dividend paid | -1,500 | - |
| Total | -1,500 | - |
| Total increase/decrease (-) in cash and cash equivalents | 28,945 | 15,455 |
| Cash and cash equivalents at January 1 | 12,811 | 14,854 |
| Cash and cash equivalents at June 30 | 41,756 | 30,309 |

Contingent liabilities – Realkredit Danmark Group

Owing to its size and business volume, the Realkredit Danmark Group is continually a party to various lawsuits. The outcomes of the cases pending are not expected to have any material effect on the financial position of the Realkredit Danmark Group.

The Group's pension commitments are covered by ongoing payments made to insurance companies, pension funds, etc. In addition, Realkredit Danmark guarantees the pension fund commitments of Kreditforeningen Danmarks Pensionsafvklingskasse.

Realkredit Danmark is jointly and severally liable for prior-year corporation tax charges of the companies jointly taxed with Danske Bank A/S before 2005. With effect from 2005, the Realkredit Danmark Group is liable for its own corporation tax only.

Realkredit Danmark is registered jointly with all major Danish subsidiaries of the Danske Bank Group for financial services employer tax and VAT, for which it is jointly and severally liable.

The table below shows guarantees and commitments, irrevocable loan commitments regarding reverse mortgages and similar obligations that are not recognised on the balance sheet.

| GUARANTEES AND OTHER COMMITMENTS | June 30 | June 30 | December 31 |
|---|----------------|---------|-------------|
| DKr m | 2005 | 2004 | 2004 |
| Guarantees, etc. | 4 | 4 | 4 |
| Other commitments | 1,042 | 1,207 | 1,164 |
| Total | 1,046 | 1,211 | 1,168 |

Effect of transition to IFRS - Realkredit Danmark Group

| EFFECT ON NET PROFIT | Q4 | Q3 | Q2 | Q1 | Full year |
|--|-------------|-------------|-------------|-------------|------------------|
| DKr m | 2004 | 2004 | 2004 | 2004 | 2004 |
| 2004 format | 624 | 540 | 431 | 527 | 2,122 |
| Pension fund | -9 | -3 | - | -3 | -15 |
| Allocation to reserves subject to a reimbursement obligation | -52 | -1 | -8 | -2 | -63 |
| Credit loss expenses | 6 | 13 | 9 | -3 | 25 |
| Staff commitments | -3 | 13 | 7 | -8 | 9 |
| Leasehold improvements | -2 | -1 | -1 | -2 | -6 |
| Other effects | -8 | 1 | 2 | 1 | -4 |
| Current tax | -2 | -6 | -2 | 4 | -6 |
| Deferred tax | 4 | - | - | - | 4 |
| Total effect | -66 | 16 | 7 | -13 | -56 |
| Net profit for the period | 558 | 556 | 438 | 514 | 2,066 |

| EFFECT ON SHAREHOLDERS' EQUITY | Dec. 31 | Sept. 30 | June 30 | March 31 | Jan. 1 |
|---|----------------|-----------------|----------------|-----------------|---------------|
| DKr m | 2004 | 2004 | 2004 | 2004 | 2004 |
| 2004 format | 27,859 | 28,735 | 28,195 | 27,764 | 27,237 |
| Change in presentation of dividend | 1,500 | - | - | - | - |
| Adjusted 2004 format | 29,359 | 28,735 | 28,195 | 27,764 | 27,237 |
| Pension fund | 177 | 186 | 189 | 189 | 192 |
| Allocation to reserves subject to a reimbursement obligation | 91 | 143 | 144 | 152 | 154 |
| Credit loss expenses | 121 | 115 | 102 | 93 | 96 |
| Staff commitments | -20 | -17 | -30 | -37 | -29 |
| Leasehold improvements | 7 | 9 | 10 | 11 | 13 |
| Portion of increase in shareholders' equity allocated to reserves subj. to a reimbursem. oblig. | -8 | -8 | -8 | -8 | -8 |
| Other effects | -4 | 4 | 3 | 1 | - |
| Current tax | -27 | -25 | -19 | -17 | -21 |
| Deferred tax | -54 | -58 | -58 | -58 | -58 |
| Total effect on valuation | 283 | 349 | 333 | 326 | 339 |
| Shareholders' equity | 29,642 | 29,084 | 28,528 | 28,090 | 27,576 |

Accounts of the parent company, Realkredit Danmark A/S, for the first half of 2005

With effect from January 1, 2005, the accounts of the parent company, Realkredit Danmark A/S, which are shown on the following pages are prepared in accordance with the executive order of the Danish Financial Supervisory Authority on financial reports dated December 14, 2004. Comparative figures have been restated accordingly with effect from January 1, 2004. The principles of the new rules are identical to the Group's valuation principles under IFRS, with the exceptions that domicile property owned by the parent company is recognised at its estimated fair value and that the corridor method is not applied to pension commitments. Holdings in subsidiaries are valued using the equity method, whereby the net profit and shareholders' equity of the parent company correspond to the net profit and shareholders' equity of the Group when calculated in accordance with the rules of the Danish Financial Supervisory Authority.

The table shows the difference between the Group's accounts prepared in accordance with the IFRS and the Group's reporting to the Danish Financial Supervisory Authority with respect to net profit and shareholders' equity.

| DKr m | Net profit 1st half 2005 | Shareholders' equity June 30, 2005 |
|--|--------------------------------|--|
| Group accounts according to IFRS | 1,255 | 29,397 |
| Domicile property | - | 38 |
| Pension commitments | -6 | -6 |
| Tax effect | <u>2</u> | <u>2</u> |
| Group accounts according to the rules of the Danish Financial Supervisory Authority | <u>1,251</u> | <u>29,431</u> |

The transition to the new rules issued by the Danish Financial Supervisory Authority added DKr1,821m to the shareholders' equity of the parent company, which thus totalled DKr29,680m, including dividend payment for 2004, on December 31, 2004. If the Annual Report 2004 had been prepared in accordance with the new rules, the net profit for the first half of 2004 would have been DKr 952m, DKr6m lower than the net profit reported. Pages 21 and 22 specify the effect of the transition to the new rules of the Danish Financial Supervisory Authority on the 2004 accounts of the parent company.

Income statement - Realkredit Danmark A/S

| Note | DKr m | 1st half 2005 | 1st half 2004 |
|------|--|------------------|------------------|
| 1 | Interest income | 13,559 | 13,569 |
| 2 | Interest expense | 11,504 | 11,632 |
| | Net interest income | 2,055 | 1,937 |
| | Dividends from shares | 8 | 13 |
| | Fee and commission income | 475 | 415 |
| | Fee and commission expense | 406 | 279 |
| | Net interest and fee income | 2,132 | 2,086 |
| 3 | Securities and foreign exchange income | -16 | -188 |
| | Other operating income | 13 | 12 |
| 4 | Staff costs and administrative expenses | 576 | 657 |
| | Amortisation, depreciation and write-downs | 4 | 5 |
| | Credit loss expenses | -76 | -3 |
| | Income from associated and subsidiary undertakings | 52 | 24 |
| | Profit before tax | 1,677 | 1,275 |
| | Tax | 426 | 323 |
| | Net profit for the period | 1,251 | 952 |

Balance sheet - Realkredit Danmark A/S

| Note | DKr m | June 30 2005 | Dec. 31 2004 |
|-----------------------------------|--|-----------------|-----------------|
| ASSETS | | | |
| | Cash in hand and demand deposits with central banks | 7 | 3 |
| | Due from credit institutions and deposits with central banks | 41,749 | 12,849 |
| 5 | Mortgage loans carried at fair value | 545,801 | 524,428 |
| 5 | Loans and other amounts due to Realkredit Danmark carried at amortised cost | 410 | 470 |
| 6 | Bonds carried at fair value | 10,098 | 35,470 |
| | Shares | 90 | 102 |
| | Holdings in associated undertakings | 32 | 267 |
| | Holdings in subsidiary undertakings | 181 | 152 |
| | Total land and buildings | 660 | 691 |
| | Investment property | 336 | 366 |
| | Domicile property | 324 | 325 |
| | Other tangible assets | 15 | 17 |
| | Current tax assets | - | 21 |
| | Deferred tax assets | 97 | 108 |
| | Other assets | 1,746 | 1,904 |
| | Prepayments | 203 | 73 |
| | Total assets | 601,089 | 576,555 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| | Due to credit institutions and central banks | 2,722 | 2,068 |
| | Issued mortgage bonds carried at fair value | 558,836 | 531,401 |
| | Current tax liabilities | 273 | - |
| | Other liabilities | 9,335 | 12,873 |
| | Total liabilities | 571,166 | 546,342 |
| PROVISIONS FOR LIABILITIES | | | |
| | Reserves in older series subject to a reimbursement obligation | 492 | 533 |
| SHAREHOLDERS' EQUITY | | | |
| | Share capital | 625 | 625 |
| | Revaluation reserve | 18 | 18 |
| | Other reserves: | | |
| | Reserves in series | 2,104 | 2,104 |
| | Other reserves | 26,684 | 26,933 |
| | Total shareholders' equity | 29,431 | 29,680 |
| | Total liabilities and equity | 601,089 | 576,555 |

Notes to the income statement - Realkredit Danmark A/S

| Note | DKr m | 1st half 2005 | 1st half 2004 |
|----------|--|------------------|------------------|
| 1 | Interest income | | |
| | Repo transactions with credit institutions and central banks | 195 | 1 |
| | Credit institutions and central banks | 13 | 125 |
| | Loans and other amounts due to Realkredit Danmark | 11,732 | 11,734 |
| | Administration margin | 1,206 | 1,149 |
| | Bonds | 201 | 441 |
| | Derivatives | | |
| | Interest rate contracts | 106 | 57 |
| | Other interest income | 106 | 62 |
| | Total | 13,559 | 13,569 |
| 2 | Interest expense | | |
| | Repo transactions with credit institutions and central banks | 2 | - |
| | Credit institutions and central banks | 11 | 27 |
| | Issued mortgage bonds | 11,408 | 11,557 |
| | Reimbursement of origination fees, etc. | 82 | 34 |
| | Other interest expense | 1 | 14 |
| | Total | 11,504 | 11,632 |
| 3 | Securities and foreign exchange income | | |
| | Mortgage loans | 3,726 | -1,821 |
| | Bonds | - | -250 |
| | Shares | 35 | - |
| | Investment property | -30 | - |
| | Foreign exchange | 3 | 1 |
| | Derivatives | -37 | 7 |
| | Other assets | - | 4 |
| | Issued mortgage bonds | -3,713 | 1,871 |
| | Total | -16 | -188 |
| 4 | Staff costs and administrative expenses | | |
| | Salaries and remuneration of Executive Board, Board of Directors and local councils | | |
| | Executive Board | 2 | 2 |
| | Board of Directors | - | 1 |
| | Local councils | 2 | 2 |
| | Total | 4 | 5 |
| | Staff costs | | |
| | Salaries | 197 | 231 |
| | Pensions | 19 | 30 |
| | Financial services employer tax, etc. | 19 | 22 |
| | Total | 235 | 283 |
| | Number of full-time-equivalent staff, average | 707 | 939 |

Pension commitments to the Executive Board are fully funded.

The Executive Board and selected key employees participate in incentive programmes. See the Annual Report 2004 for details.

Notes to the balance sheet - Realkredit Danmark A/S

Note DKr m

5 Loans, etc.

At June 30, 2005, total impairment write-downs of mortgage loans stood at DKr166m, against DKr239m at the beginning of 2005.

At 30 June, 2005, impairment write-downs of loans carried at amortised cost stood at DKr37m, against DKr45m at the beginning of the year.

The table shows the total impairment write-downs by which mortgage loans and other loans, etc., have been reduced.

| | 1st half 2005 | | Total |
|---|--|--|------------|
| | Loans, etc., individual impairment | Loans, etc., collective impairment | |
| Impairment, etc., beginning of period | 245 | 39 | 284 |
| Impairment during the period | 24 | 6 | 30 |
| Reversal of impairment registered in previous years | 105 | 6 | 111 |
| Impairment, etc., end of period | 164 | 39 | 203 |

6 Security

The following assets have been deposited with Danmarks Nationalbank as security:

| | June 30 2005 | Dec. 31 2004 |
|--|-----------------|-----------------|
| Bonds carried at fair value | 13,060 | 16,305 |
| Portion attributable to bonds issued by Realkredit Danmark | 12,774 | 15,525 |
| Assets sold in genuine sale and repurchase transactions: | | |
| Bonds carried at fair value | 2,707 | 2,045 |
| Portion attributable to bonds issued by Realkredit Danmark | 1,143 | 2,045 |

7 Contingent liabilities

Guarantees, etc.

| | | |
|------------------|----------|----------|
| Other guarantees | 4 | 4 |
| Total | 4 | 4 |

Other contingent liabilities

| | | |
|--|--------------|--------------|
| Irrevocable loan commitments regarding reverse mortgages | 915 | 1,033 |
| Other commitments | 111 | 121 |
| Total | 1,026 | 1,154 |

Further contingent liabilities are listed on page 13.

Highlights, ratios and key figures - Realkredit Danmark A/S

| | 1st half 2005 | 1st half 2004 | 1st half 2003 | 1st half 2002 | 1st half 2001 |
|---|------------------|------------------|------------------|------------------|------------------|
| HIGHLIGHTS | | | | | |
| 1. Net interest and fee income | 2,132 | 2,086 | 2,155 | 1,810 | 1,682 |
| 2. Securities and foreign exchange income | -16 | -188 | -29 | 23 | 65 |
| 3. Staff costs and administrative expenses | 576 | 657 | 717 | 674 | 619 |
| 4. Credit loss expenses | -76 | -3 | 24 | -43 | -38 |
| 5. Income from associated and subsidiary undertakings | 52 | 24 | 15 | 24 | -40 |
| 6. Net profit for the period | 1,251 | 952 | 1,067 | 918 | 856 |
| 7. Loans | 546,211 | 509,866 | 484,433 | 458,433 | 431,080 |
| 8. Shareholders' equity | 29,431 | 28,563 | 26,387 | 24,176 | 22,185 |
| 9. Total assets | 601,089 | 560,132 | 562,028 | 511,383 | 478,090 |
| RATIOS AND KEY FIGURES | | | | | |
| 1. Solvency ratio, % | 9.5 | 10.2 | 9.8 | 9.9 | 9.8 |
| 2. Core (tier 1) capital ratio, % | 9.4 | 10.1 | 9.7 | 9.7 | 9.7 |
| 3. Half year return on equity before tax, % | 5.7 | 4.5 | 5.5 | 5.2 | 5.2 |
| 4. Half year return on equity after tax, % | 4.2 | 3.4 | 4.1 | 3.9 | 3.9 |
| 5. Income/cost ratio, DKr | 4.33 | 2.93 | 2.90 | 2.90 | 2.92 |
| 6. Foreign exchange position, % | 4.5 | 4.4 | 4.6 | 3.3 | 6.5 |
| 7. Gearing of lending | 18.6 | 17.9 | 18.4 | 19.0 | 19.4 |
| 8. Growth in lending for the half year, % | 4.1 | 1.6 | 3.2 | 2.2 | 2.3 |
| 9. Impairment ratio for the half year, % | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

The ratios and key figures are defined in the executive order on financial reports of credit institutions, etc., issued by the Danish Financial Supervisory Authority.

Realkredit Danmark has adjusted its accounting policies with effect from 2005. The highlights, accounting ratios and key figures for 2004 have been restated.

Group holdings and undertakings - Realkredit Danmark A/S

| | Share capital June 30 2005 (thousands) | Net profit for 2004 DKr m | Sharehold- ers' equity end-2004 DKr m | Ownership share % |
|------------------------------------|---|---------------------------------|--|-------------------------|
| Realkredit Danmark, Copenhagen | DKK 625,000 | 2,122 | 27,859 | |
| REAL-ESTATE AGENCY BUSINESS | | | | |
| home A/S, Copenhagen | DKK 15,000 | 35 | 152 | 100 |
| OTHER BUSINESS | | | | |
| Omegadane SARL, Paris | EUR 8 | - | - | 100 |

Effect of adjusted accounting policies - Realkredit Danmark A/S

As mentioned on page 15, Realkredit Danmark A/S has adjusted its accounting policies with effect from 2005 to comply with the executive order of the Danish Financial Supervisory Authority on the presentation of accounts. The tables below show the effect on the comparative figures for 2004.

| Effect on income statement | Previous format 1st half 2004 | Change | New format 1st half 2004 | |
|--|--|---------------|---|--|
| DKr m | | | | |
| Interest income | 13,803 | -234 | 13,569 | Interest income |
| Interest expense | 11,857 | -225 | 11,632 | Interest expense |
| Net interest income | 1,946 | -9 | 1,937 | Net interest income |
| Dividends from shares | 13 | - | 13 | Dividends from shares |
| Fee and commission income | 415 | - | 415 | Fee and commission income |
| Fee and commission expense | 279 | - | 279 | Fee and commission expense |
| Net interest and fee income | 2,095 | -9 | 2,086 | Net interest and fee income |
| Secur. and foreign exchange income | -188 | - | -188 | Secur. and foreign exchange income |
| Other operating income | 16 | -4 | 12 | Other operating income |
| Staff costs and administrative expenses | 657 | - | 657 | Staff costs and administrative expenses |
| Amortisation, depreciation and write-downs | 4 | 1 | 5 | Amortisation, depreciation and write-downs |
| Prov. for bad and doubtful debts | 3 | -6 | -3 | Credit loss expenses |
| Income from associated and subsidiary undertakings | 31 | -7 | 24 | Income from associated and subsidiary undertakings |
| Profit before tax | 1,290 | -15 | 1,275 | Profit before tax |
| Tax | 332 | -9 | 323 | Tax |
| Net profit for the period | 958 | -6 | 952 | Net profit for the period |

Effect of adjusted accounting policies - Realkredit Danmark A/S

| Effect on balance sheet | Previous format Dec. 31 2004 | Change | New format Dec. 31 2004 | |
|---|---------------------------------------|-----------------|----------------------------------|---|
| DKr m | | | | |
| ASSETS | | | | |
| Cash in hand and demand deposits with central banks | 3 | - | 3 | Cash in hand and demand deposits with central banks |
| Due from credit institutions and deposits with central banks | 12,849 | - | 12,849 | Due from credit institutions and deposits with central banks |
| Mortgage loans | 516,600 | 7,828 | 524,428 | Mortgage loans carried at fair value |
| Other loans | 469 | 1 | 470 | Loans and other amounts due to Realkredit Danmark carried at amortised cost |
| Bonds | 169,940 | -134,470 | 35,470 | Bonds carried at fair value |
| Shares | 102 | - | 102 | Shares |
| Holdings in associated undertakings | 267 | - | 267 | Holdings in associated undertakings |
| Holdings in subsidiary undertakings | 152 | - | 152 | Holdings in subsidiary undertakings |
| - | - | 691 | 691 | Total land and buildings |
| - | - | 366 | 366 | Investment property |
| - | - | 325 | 325 | Domicile property |
| Tangible assets | 675 | -658 | 17 | Other tangible assets |
| - | - | 21 | 21 | Current tax assets |
| - | - | 108 | 108 | Deferred tax assets |
| Other assets | 6,797 | -4,893 | 1,904 | Other assets |
| Prepayments | 18 | 55 | 73 | Prepayments |
| Total assets | 707,872 | -131,317 | 576,555 | Total assets |
| LIABILITIES AND EQUITY | | | | |
| Due to credit institutions and central banks | 2,068 | - | 2,068 | Due to credit institutions and central banks |
| Issued bonds | 656,415 | -125,014 | 531,401 | Issued mortgage bonds carried at fair value |
| Other liabilities | 20,914 | -8,041 | 12,873 | Other liabilities |
| Provisions for liabilities | 616 | -83 | 533 | Reserves in older series subject to a reimbursement obligation |
| Shareholders' equity | | | | Shareholders' equity |
| Share capital | 625 | | 625 | Share capital |
| Revaluation reserve | - | 18 | 18 | Revaluation reserve |
| Reserves in series | 2,104 | - | 2,104 | Reserves in series |
| Other reserves | 25,130 | 1,803 | 26,933 | Other reserves |
| Total shareholders' equity | 27,859 | 1,821 | 29,680 | Total shareholders' equity |
| Total liabilities and equity | 707,872 | -131,317 | 576,555 | Total liabilities and equity |

Financial calendar

Realkredit Danmark plans to release its nine-month report for 2005 on November 1.

Contact person at Realkredit Danmark

Sven Holm, Chairman of the Executive Board and Chief Executive Officer, tel. + 45 33 39 30 11.

Address

Realkredit Danmark A/S
Jarmers Plads 2
DK-1590 København V
Tel. +45 70 12 53 00
Fax +45 33 39 31 71
CVR-nr. 13 39 91 74 – København

Useful links

www.rd.dk
www.danskebank.com
www.bgbank.dk
www.home.dk