

Interim Report 2006

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*This is a translation of the interim report 2006 in the Danish language (Halvårsrapport 2006).
In case of discrepancies, the Danish version prevails.*

Financial highlights - Realkredit Danmark Group

NET PROFIT FOR THE PERIOD DKr m	First half 2006	First half 2005	Index 06/05	Full year 2005
Administration margin	1,318	1,206	109	2,471
Net interest income	594	580	102	1,178
Net fee income	-114	69	-	83
Net trading income	-20	319	-	355
Other income	98	72	136	232
Total income	1,876	2,246	84	4,319
Operating expenses	595	627	95	1,251
Profit before credit loss expenses	1,281	1,619	79	3,068
Credit loss expenses	-64	-76	84	-118
Profit before tax	1,345	1,695	79	3,186
Tax	368	440	84	769
Net profit for the period	977	1,255	78	2,417
BALANCE SHEET DKr m	June 30, 2006	June 30, 2005	Index 06/05	December 31, 2005
Due from credit institutions etc.	21,496	41,787	51	16,943
Mortgage loans at fair value	573,105	545,801	105	569,092
Bonds and shares	9,874	10,300	96	35,925
Other assets	2,428	3,265	74	3,893
Total assets	606,903	601,153	101	625,853
Due to credit institutions etc.	1,811	2,722	67	45,390
Issued mortgage bonds	564,054	558,836	101	536,530
Other liabilities	9,251	10,122	91	13,123
Shareholders' equity	31,787	29,473	108	30,810
Total liabilities and equity	606,903	601,153	101	625,853
RATIOS AND KEY FIGURES	First half 2006	First half 2005		Full year 2005
Net profit for the period as % p.a. of avg. shareholders' equity	6.2	8.5		8.0
Cost/income ratio, %	31.7	27.9		29.0
Solvency ratio (incl. of net profit for the period), %	10.2	9.9		10.1
Core (tier 1) capital ratio (incl. of net profit for the period), %	10.1	9.9		10.0
Full-time-equivalent staff, end of period	739	741		749

Management's report

- The Realkredit Danmark Group recorded a pre-tax profit of DKr1,345m for the first half of 2006, against DKr1,695m for the first half of 2005.
- In the first half of 2006, the outstanding nominal bond debt rose by DKr23bn to DKr586bn.
- The Group's market share of net new lending rose to 31.1% in the first half of 2006 from 27.5% in 2005. The market share of the loan portfolio was 33.0% at June 30, 2006, against 33.4% at the end of 2005.
- At June 30, 2006, the solvency ratio was 10.2%.
- For 2006, the pre-tax profit is expected to be at around the same level as in 2005.

Results for the first half of 2006

For the first half of 2006, the Realkredit Danmark Group's pre-tax profit was DKr1,345m, against DKr1,695m for the first half of 2005. For the whole of 2006, the pre-tax profit is still expected to be at around the same level as last year. However, net trading income will largely depend on the direction of prices in the financial markets until year-end.

At DKr1,318m, the administration margin was up DKr112m on the first half of 2005 as a result of a growing loan portfolio.

As expected, net fee income was affected by declining activity in the mortgage credit market and larger payments to Danske Bank and BG Bank for loans arranged through them and showed a charge of DKr114m, or a fall of DKr183m compared with the same period in 2005.

In view of the rise in interest rates in the first half of 2006, net trading income was negative by DKr20m, against an income of DKr319m for the same period in 2005. 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.

Total income fell 16% compared with the first half of 2005. Exclusive of net trading income, the fall was 2%.

At DKr595m, operating expenses were reduced by 5% compared with the same period in 2005.

In the first half of 2006, credit loss expenses represented an income of DKr64m, against DKr76m in the same period the year before. This income derives from claims previously written off and reversal of impairment charges on loans to corporate customers.

For the first half of 2006, the Realkredit Danmark Group's total tax charge amounted to DKr368m, corresponding to an effective tax rate of 27%.

In the first half of 2006, Realkredit Danmark sold its head office building at Jarmers Plads in central Copenhagen. From the autumn of 2006, the head office will be located in Lyngby, a Copenhagen suburb. The proceeds from the sale will be taken to income in the third quarter of 2006.

Capital and solvency

At June 30, 2006, shareholders' equity was DKr31,787m, against DKr29,473m at the end of 2005.

With effect from January 1, 2006, the net profit for the period less expected dividend is included in the calculation of the solvency ratio. Thus, the solvency ratio at the end of June 2006 stood at 10.2%.

Balance sheet

Measured at fair value, mortgage lending climbed DKr4bn to DKr573bn in the first half of 2006. The outstanding nominal bond debt increased DKr23bn to DKr586bn following gross lending of DKr75bn in the first half of 2006. The private market accounted for 62% of the portfolio at June 30, 2006. Interest-only loans accounted for 36% of loans to the private market.

In the first half of 2006, issued mortgage bonds carried at fair value rose by DKr28bn to DKr564bn. In terms of nominal value, issued bonds rose by DKr47bn to DKr578bn. The amounts are exclusive of holdings of own bonds.

Mortgage credit market

Since the beginning of the year, interest rates have generally increased and, as expected, lending activity was lower in the first half of 2006 as interest-rate driven refinancing activity was insignificant compared with 2005.

YIELD TO MATURITY %	June 30, 2006	December 31, 2005
FlexLån [®] , full annual reset	3.6	2.9
30-year 4% fixed-rate loan	5.0	4.4
30-year 5% fixed-rate loan	5.4	-
FlexGaranti [®] 5M	3.9	3.1
RD Cibo6 [®]	3.4	2.7

In the first half of 2006, gross lending in the Danish mortgage credit market totalled DKr226bn, or a fall of about 40% compared with the level throughout 2005.

MARKET SHARE, ALL MARKETS %	First half 2006	Full year 2005
Gross lending	31.5	29.5
Net new lending	31.1	27.5
Loan portfolio	33.0	33.4

Realkredit Danmark's market share of net new lending rose to 31.1% in the first half of 2006 from 27.5% in 2005. The increase in market share has been won in a market with larger net new lending than in the first half of 2005.

LENDING BROKEN DOWN BY LOAN TYPE	Share of gross lending		Share of loan portfolio	
	First half 2006	Full year 2005	June 30, 2006	Dec. 31, 2005
FlexLån [®]	38	30	43	45
Fixed-rate loans	38	48	42	44
FlexGaranti [®]	18	18	13	9
RD Cibo6 ^{®*}	6	4	2	2
Total	100	100	100	100

* Introduced in the autumn of 2005

In the first half of 2006, FlexLån[®] accounted for an increasing share of Realkredit Danmark's gross lending, which was attributable to the corporate market.

Prices of owner-occupied dwellings

Realkredit Danmark's activity level depends on several factors, including property prices in the private market, which accounts for 62% of the portfolio.

Prices of owner-occupied dwellings have been increasing since the early 1990s, and over the past four years, prices have reached an all-time high in some parts of the country. According to the Association of Danish

Mortgage Banks, the average price per square metre of single-family and terrace houses has rocketed 60% since the first half of 2002, and prices of owner-occupied flats have soared 79%. Throughout the period, the property market has been very active, which is reflected in the volume of owner-occupied dwellings that have changed hands, which was around 25% higher in the first half of 2006 than four years ago.

Market activity and the dramatic price hikes of owner-occupied dwellings were partly triggered by low interest rates, falling unemployment, the tax stop, rising real wages and liberalisation of the loan market. Most of these effects have now been factored in, and as interest rates are expected to rise slightly, property prices in Denmark will – all other things being equal – stabilise.

The rise in prices of owner-occupied dwellings has created large-scale property equity. The loan-to-value ratio (LTV) has fallen, and home owners are generally less vulnerable than before if prices should start to fall. In mid-2006, the average LTV on the private market was 58%.

Although there has been a boom in property prices on a national scale, there have been large regional differences. The Danish capital, Copenhagen, and other big city areas have experienced the sharpest rise in property prices; but many rural districts have witnessed falling prices. Regional differences can be explained by a change in the occupational structure in Denmark, resulting in large-scale wage differences and changed relocation patterns.

For Realkredit Danmark, the trend in property prices has in recent years resulted in a larger nominal loan portfolio and negligible credit loss expenses.

Over the years, the low level of interest rates has triggered several refinancing waves, which increased fee income. Increased levels of housing transactions also contributed to higher fee income.

Generally, interest rates have been increasing in the first half of 2006. Strong economic growth in the USA and beginning growth in Europe have put an upward pressure on interest rates. In the longer term, higher interest rates may urge borrowers to refinance to a higher coupon, but the activity generated by such transactions is expected to be somewhat weaker than the activity generated by refinancing to a lower coupon.

Outlook for 2006

The outlook for 2006 is unchanged compared with the statements made in the quarterly report for the first quarter of 2006.

A fall in activity in the Danish mortgage credit market is expected following the exceptionally high level of refinancing in 2005.

For the full year, the private market is expected to see slightly rising property prices and stable property sales. Consequently, demand for mortgage loans to finance changes of ownership is likely to be at the same level as in 2005. Due to the rise in interest rates in 2006, refinancing generated by changes in interest rates is still expected to decline.

The corporate market is expected to record a rise in new construction within urban trade, whereas new construction in the agricultural and residential rental segments is expected to show a downward trend.

The increase in the volume of lending will boost the administration margin in 2006. Net interest income is forecast to rise because of higher interest rates. Net fee income is forecast to fall because of larger payments to Danske Bank and BG Bank for loans arranged through them and expectations of lower refinancing activity. Net trading income will depend largely on the level of securities prices at the end of the year.

Operating expenses are expected to be at around the same level as in 2005.

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

The pre-tax profit for 2006 will depend largely on trends in the financial markets, including the level of securities prices at the end of the year. At unchanged securities prices, the profit before tax is expected to be at around the same level as in 2005.

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

Copenhagen, August 10, 2006

Financial highlights - Realkredit Danmark Group

NET PROFIT FOR THE PERIOD DKr m	First half 2006	First half 2005	Index 06/05	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Full year 2005
Administration margin	1,318	1,206	109	666	652	640	625	609	2,471
Net interest income	594	580	102	297	297	302	296	299	1,178
Net fee income	-114	69	-	-53	-61	12	2	31	83
Net trading income	-20	319	-	24	-44	-1	37	178	355
Other income	98	72	136	48	50	40	120	22	232
Total income	1,876	2,246	84	982	894	993	1,080	1,139	4,319
Operating expenses	595	627	95	294	301	333	291	321	1,251
Profit before credit loss expenses	1,281	1,619	79	688	593	660	789	818	3,068
Credit loss expenses	-64	-76	84	-55	-9	-24	-18	-27	-118
Profit before tax	1,345	1,695	79	743	602	684	807	845	3,186
Tax	368	440	84	199	169	122	207	201	769
Net profit for the period	977	1,255	78	544	433	562	600	644	2,417

BALANCE SHEET DKr m	June 30, 2006	June 30, 2005	Index 06/05	June 30, 2006	March 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Dec. 31, 2005
Due from credit institutions etc.	21,496	41,787	51	21,496	17,654	16,943	36,506	41,787	16,943
Mortgage loans	573,105	545,801	105	573,105	567,002	569,092	557,717	545,801	569,092
Bonds and shares	9,874	10,300	96	9,874	5,759	35,925	9,641	10,300	35,925
Other assets	2,428	3,265	74	2,428	1,988	3,893	3,334	3,265	3,893
Total assets	606,903	601,153	101	606,903	592,403	625,853	607,198	601,153	625,853
Due to credit institutions etc.	1,811	2,722	67	1,811	2,554	45,390	2,114	2,722	45,390
Issued mortgage bonds	564,054	558,836	101	564,054	552,293	536,530	563,401	558,836	536,530
Other liabilities	9,251	10,122	91	9,251	6,313	13,123	11,610	10,122	13,123
Shareholders' equity	31,787	29,473	108	31,787	31,243	30,810	30,073	29,473	30,810
Total liabilities and equity	606,903	601,153	101	606,903	592,403	625,853	607,198	601,153	625,853

RATIOS AND KEY FIGURES	First half 2006	First half 2005	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Full year 2005
Net profit for the period as % p.a. of avg. shareholders' equity	6.2	8.5	6.9	5.6	7.4	8.1	8.8	8.0
Cost/income ratio, %	31.7	27.9	29.9	33.7	33.5	26.9	28.2	29.0
Solvency ratio (incl. of net profit for the period), %	10.2	9.9	10.2	10.3	10.1	10.0	9.9	10.1
Core (tier 1) capital ratio (incl. of net profit for the period)	10.1	9.9	10.1	10.3	10.0	10.0	9.9	10.0
Full-time-equivalent staff, end of period	739	741	739	751	749	761	741	749

Accounting policies - Realkredit Danmark Group

The Realkredit Danmark Group's report for the first half of 2006 has been prepared in compliance with IAS 34, *Interim Financial Reporting*, and the rules on interim financial reporting issued by the Copenhagen Stock Exchange. The application of IAS 34 means that the disclosure is less detailed than in a full annual report and that the valuation principles laid down by the International Financial Reporting Standards (IFRS) are applied.

The Group has not changed its accounting policies from those followed in the Annual Report for 2005. The Annual Report for 2005 provides a full description of the Group's accounting policies.

Standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has approved a number of international accounting standards and interpretations that have not yet come into force. None of these is expected to affect the Group's financial reporting.

Income statement - Realkredit Danmark Group

DKr m	First half 2006	First half 2005	Q2 2006	Q2 2005
Interest income	12,372	13,561	6,322	6,796
Interest expense	10,542	11,504	5,424	5,741
Net interest income	1,830	2,057	898	1,055
Dividends from shares	12	10	12	10
Fee and commission income	305	475	157	254
Fee and commission expense	419	406	210	223
Net fee and commission income	1,728	2,136	857	1,096
Value adjustments	50	-15	77	-11
Other operating income	98	102	48	52
Staff costs and administrative expenses	591	622	292	318
Impairment, amortisation and depreciation	4	5	2	3
Credit loss expenses	-64	-76	-55	-27
Income from associated and subsidiary undertakings	-	23	-	2
Profit before tax	1,345	1,695	743	845
Tax	368	440	199	201
Net profit for the period	977	1,255	544	644

Balance sheet - Realkredit Danmark Group

DKr m	June 30, 2006	December 31, 2005	June 30, 2005
ASSETS			
Cash in hand and demand deposits with central banks	3	7	7
Due from credit institutions and central banks	21,493	16,936	41,780
Bonds at fair value	9,769	35,700	10,098
Mortgage loans at fair value	573,105	569,092	545,801
Loans and other amounts due at amortised cost	379	556	553
Shares	105	225	171
Holdings in associated undertakings	-	-	32
Land and buildings	119	119	622
Investment property	-	-	336
Domicile property	119	119	286
Other tangible assets	15	16	17
Current tax assets	-	10	-
Deferred tax assets	73	88	76
Other assets	1,825	3,089	1,793
Prepayments	17	15	203
Total assets	606,903	625,853	601,153
LIABILITIES AND EQUITY			
AMOUNTS DUE			
Due to credit institutions and central banks	1,811	45,390	2,722
Issued mortgage bonds at fair value	564,054	536,530	558,836
Current tax liabilities	202	-	281
Other liabilities	8,949	13,063	9,841
Deferred income	100	60	-
Total amounts due	575,116	595,043	571,680
SHAREHOLDERS' EQUITY			
Share capital	630	630	625
Other reserves			
Reserves in series	1,640	1,640	2,104
Other reserves	29,517	28,540	26,744
Total shareholders' equity	31,787	30,810	29,473
Total liabilities and equity	606,903	625,853	601,153

Capital - Realkredit Danmark Group

DKr m	Share capital	Proposed dividend	Other reserves	Total
Shareholders' equity at January 1, 2006	630	-	30,180	30,810
Net profit for the period	-	-	977	977
Shareholders' equity at June 30, 2006	630	-	31,157	31,787
Shareholders' equity at January 1, 2005	625	1,500	27,593	29,718
Net profit for the period	-	-	1,255	1,255
Dividends paid	-	-1,500	-	-1,500
Shareholders' equity at June 30, 2005	625	-	28,848	29,473

The share capital comprises 6,300,000 shares of DKr100 each and is wholly-owned by Danske Bank A/S, Copenhagen.

Solvency - Realkredit Danmark Group

DKr m	June 30, 2006	December 31, 2005	June 30, 2005
Shareholders' equity	31,787	30,810	29,473
Expected dividend	-374	-	-
Net profit for the period	-	-	-1,255
Change of method for measurement of loans, claims against individual borrowers	-	-	-76
Domicile property	60	50	37
Pension obligation	-101	-41	-
Tax effect	29	12	-
Revaluation reserve	-35	-24	-18
Deferred tax assets	-101	-100	-109
Core (tier 1) capital, less statutory deductions	31,265	30,707	28,052
Reserves in series subject to a reimbursement obligation	160	160	187
Revaluation reserve	35	24	18
Capital base less statutory deductions	31,460	30,891	28,257
Risk-weighted items:			
not included in trading portfolio	304,874	300,823	292,602
with market risk included in trading portfolio	4,425	5,612	4,739
Total risk-weighted items	309,299	306,435	297,341
Core (tier 1) capital ratio, %	10.11	10.02	9.43
Solvency ratio, %	10.17	10.08	9.50

In 2005, solvency was calculated in accordance with the rules then in force issued by the Danish Financial Supervisory Authority. At June 30, 2005, solvency was calculated exclusive of the net profit for the period.

Cash flow statement - Realkredit Danmark Group

DKr m	First half 2006	First half 2005
Cash flow from operating activities		
Net profit for the period	977	1,255
Adjustment for non-liquid items in the income statement	-3,624	-4,197
Total	-2,647	-2,942
Cash flow from operating capital:		
Mortgage loans	-23,236	-16,134
Issued mortgage bonds	47,484	22,824
Other operating capital	-17,473	26,394
Cash flow from operating activities	4,128	30,142
Cash flow from investing activities		
Sale of business units	-	305
Acquisition/sale of tangible assets	425	-2
Total	425	303
Cash flow from financing activities		
Dividends	-	-1,500
Total	-	-1,500
Cash and cash equivalents at January 1	16,943	12,811
Change during the period	4,553	28,945
Cash and cash equivalents at June 30	21,496	41,756

Operating activity accounts - Realkredit Danmark Group

FIRST HALF 2006 DKr m	Mortgage finance	Own holdings	Total	Reclassi- fication	Highlights
Administration margin	1,318	-	1,318	-	1,318
Net interest income	594	-83	511	83	594
Dividends from shares	-	12	12	-12	-
Net fee income	-114	-	-114	-	-114
Net trading income	-	-	-	-20	-20
Value adjustments	57	-6	51	-51	-
Other income	98	-	98	-	98
Total income	1,953	-77	1,876	-	1,876
Operating expenses	593	2	595	-	595
Profit before credit loss expenses	1,360	-79	1,281	-	1,281
Credit loss expenses	-64	-	-64	-	-64
Income from associated and subsidiary undertakings	-	-	-	-	-
Profit before tax	1,424	-79	1,345	-	1,345
FIRST HALF 2005 DKr m	Mortgage finance	Own holdings	Total	Reclassi- fication	Highlights
Administration margin	1,206	-	1,206	-	1,206
Net interest income	580	273	853	-273	580
Dividends from shares	-	9	9	-9	-
Net fee income	69	-	69	-	69
Net trading income	-	-	-	319	319
Value adjustments	99	-85	14	-14	-
Other income	72	-	72	-	72
Total income	2,026	197	2,223	23	2,246
Operating expenses	625	2	627	-	627
Profit before credit loss expenses	1,401	195	1,596	23	1,619
Credit loss expenses	-76	-	-76	-	-76
Income from associated and subsidiary undertakings	-	23	23	-23	-
Profit before tax	1,477	218	1,695	-	1,695

In addition to the mortgage finance business itself, mortgage finance also includes purchases and sales of real property through the "home" franchise. Under the Danish Financial Business Act, at least 60% of the capital base of a mortgage credit institution must be invested in bonds etc. Own holdings comprise the net return on the part of the securities portfolio not relating to the mortgage finance business. Income from trading activities and own holdings is carried in the income statement under value adjustments. In the consolidated highlights, this income is reclassified to net trading income.

Contingent liabilities – Realkredit Danmark Group

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

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

Realkredit Danmark is jointly and severally liable for the prior-year corporation tax charges of the companies jointly taxed with Danske Bank A/S before 2005.

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 indemnities issued by the Group, irrevocable loan commitments regarding reverse mortgages and similar commitments not recognised on the balance sheet.

GUARANTEES AND OTHER LIABILITIES DKr m	June 30, 2006	December 31, 2005	June 30, 2005
Guarantees etc.	4	4	4
Other liabilities	904	1,025	1,042
Total	908	1,029	1,046

Accounts - Realkredit Danmark A/S

DKr m

The accounts of Realkredit Danmark A/S (the parent company) have been prepared in accordance with the Danish Financial Business Act, including the executive order of the Danish Financial Supervisory Authority on financial reports of credit institutions etc. The principles of the 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 obligations. Holdings in subsidiary undertakings are valued under the equity method, which means that the tax payable by subsidiary undertakings is charged to the item "Income from associated and subsidiary undertakings".

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

	Net profit 1st half 2006	Shareholders' equity June 30, 2006
Group accounts according to IFRS	977	31,787
Domicile property	-	60
Pension obligations	-60	-101
Tax effect	17	29
Group accounts according to the rules of the Danish Financial Supervisory Authority	934	31,775

Income statement - Realkredit Danmark A/S

Note	DKr m	First half 2006	First half 2005
1	Interest income	12,370	13,559
2	Interest expense	10,542	11,504
	Net interest income	1,828	2,055
	Dividends from shares	10	8
	Fee and commission income	305	475
	Fee and commission expense	419	406
	Net interest and fee income	1,724	2,132
3	Value adjustments	54	-16
	Other operating income	-	13
4	Staff costs and administrative expenses	590	576
	Impairment, amortisation and depreciation	3	4
	Credit loss expenses	-64	-76
	Income from associated and subsidiary undertakings	26	52
	Profit before tax	1,275	1,677
	Tax	341	426
	Net profit for the period	934	1,251

Balance sheet - Realkredit Danmark A/S

Note	DKr m	June 30, 2006	Dec. 31, 2005
	ASSETS		
	Cash in hand and demand deposits with central banks	3	7
	Due from credit institutions and central banks	21,339	16,929
5	Bonds at fair value	9,769	35,700
6	Mortgage loans at fair value	573,105	569,092
6	Loans and other amounts due at amortised cost	348	529
	Shares	105	98
	Holdings in subsidiary undertakings	229	203
	Land and buildings	169	158
	Investment property	-	-
	Domicile property	169	158
	Other tangible assets	13	14
	Current tax assets	-	11
	Deferred tax assets	86	85
	Other assets	1,682	3,020
	Prepayments	16	14
	Total assets	606,864	625,860
	LIABILITIES AND EQUITY		
	AMOUNTS DUE		
	Due to credit institutions and central banks	1,811	45,390
	Issued mortgage bonds at fair value	564,054	536,530
	Current tax liabilities	194	-
	Other liabilities	8,521	12,600
	Deferred income	100	60
	Total amounts due	574,680	594,580
	PROVISIONS FOR LIABILITIES		
	Reserves in early series subject to a reimbursement obligation	409	449
	SHAREHOLDERS' EQUITY		
	Share capital	630	630
	Revaluation reserve	35	24
	Other reserves:		
	Reserves in series	1,640	1,640
	Other reserves	29,470	28,537
	Total shareholders' equity	31,775	30,831
	Total liabilities and equity	606,864	625,860

Notes to the income statement - Realkredit Danmark A/S

Note	DKr m	First half 2006	First half 2005
1	Interest income		
	Reverse repo transactions with credit institutions and central banks	112	195
	Due from credit institutions and central banks	20	13
	Loans and other amounts due	10,747	11,732
	Administration margin	1,319	1,206
	Bonds	83	201
	Derivatives:		
	Interest rate contracts	49	106
	Other interest income	40	106
	Total	12,370	13,559
2	Interest expense		
	Repo transactions with credit institutions and central banks	22	2
	Due to credit institutions and central banks	14	11
	Issued mortgage bonds	10,485	11,408
	Reimbursement of origination fees etc.	19	82
	Other interest expense	2	1
	Total	10,542	11,504
3	Value adjustments		
	Mortgage loans	-17,458	3,726
	Bonds	-89	-
	Shares	7	35
	Investment property	-	-30
	Currency	2	3
	Derivatives	-55	-37
	Issued mortgage bonds	17,647	-3,713
	Total	54	-16
4	Staff costs and administrative expenses		
	Salaries and remuneration of Executive Board, Board of Directors and local councils		
	Executive Board	3	2
	Board of Directors	-	-
	Local councils	2	2
	Total	5	4
	Staff costs		
	Salaries	180	197
	Pensions	75	19
	Financial services employer tax etc.	18	19
	Total	273	235
	Number of full-time-equivalent staff (avg.)	705	707

Pension obligations to the Executive Board are fully funded.
The Executive Board and selected key employees participate in incentive programmes. See the Annual Report 2005 for details.

Notes to the balance sheet - Realkredit Danmark A/S

Note	DKr m	June 30, 2006	Dec. 31, 2005	
5	Security			
	The following assets have been deposited with Danmarks Nationalbank as security:			
	Bonds at fair value	20,003	23,571	
	Portion attributable to bonds issued by Realkredit Danmark	20,003	22,805	
	Assets sold under repo transactions:			
	Bonds at fair value	1,804	45,402	
	Portion attributable to bonds issued by Realkredit Danmark	-	45,402	
6	Loans etc.			
	At June 30, 2006, total impairment of mortgage loans stood at DKr71m, against DKr105m at the beginning of the year.			
	At 30 June, 2006, impairment of loans at amortised cost stood at DKr34m, against DKr35m at the beginning of the year.			
		Loans etc., individual impairment	Loans etc., collective impairment	
			Total	
	Impairment charges etc. at January 1, 2006	110	30	140
	Impairment charges during the period	9	7	16
	Reversal of impairment charges for previous years	44	7	51
	Impairment charges etc. at June 30, 2006	75	30	105
	Impairment charges etc. at January 1, 2005	245	39	284
	Impairment charges during the year	41	2	43
	Reversal of impairment charges for previous years	176	11	187
	Impairment charges etc. at December 31, 2005	110	30	140
7	Contingent liabilities	June 30, 2006	Dec. 31, 2005	
	Guarantees etc.			
	Other guarantees	4	4	
	Total	4	4	
	Other contingent liabilities			
	Irrevocable loan commitments regarding reverse mortgages	793	903	
	Other commitments	101	111	
	Total	894	1,014	

Further contingent liabilities are listed in the consolidated accounts.

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

DKr m	First half 2006	First half 2005	First half 2004	First half 2003	First half 2002
HIGHLIGHTS					
1. Net interest and fee income	1,724	2,132	2,086	2,155	1,810
2. Value adjustments	54	-16	-188	-29	23
3. Staff costs and administrative expenses	590	576	657	717	674
4. Credit loss expenses	-64	-76	-3	24	-43
5. Income from associated and subsidiary undertakings	26	52	24	15	24
6. Net profit for the period	934	1,251	952	1,067	918
7. Loans	573,453	546,320	509,866	484,433	458,433
8. Shareholders' equity	31,775	29,507	28,563	26,387	24,176
9. Total assets	606,864	601,165	560,132	562,028	511,383
RATIOS AND KEY FIGURES					
1. Solvency ratio, %	10.2	9.5	10.2	9.8	9.9
2. Core (tier 1) capital ratio, %	10.1	9.4	10.1	9.7	9.7
3. Half-year return on equity before tax, %	4.1	5.7	4.5	5.5	5.2
4. Half-year return on equity after tax, %	3.0	4.2	3.4	4.1	3.9
5. Income/cost ratio, DKr	3.41	4.33	2.93	2.90	2.90
6. Foreign exchange position, %	4.0	4.5	4.4	4.6	3.3
7. Ratio of lending to shareholders' equity	18.0	18.5	17.9	18.4	19.0
8. Growth in lending for the half-year, %	4.1	4.1	1.6	3.2	2.2
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. With effect from the first half of 2006, the net profit for the period less expected dividend is included in the calculation of the solvency and core (tier 1) capital ratios. 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, 2006 (thousands)	Net profit* DKr m	Sharehold- ers' equity* DKr m	Holding of share capital %
Realkredit Danmark A/S, Copenhagen	DKK 630,000	2,394	30,831	
Real-estate agency business: home a/s, Copenhagen	DKK 15,000	51	203	100
Other business: Omegadane SARL, Paris	EUR 8	-	-	100

* According to the company's latest annual report

Additional information

Financial calendar

Realkredit Danmark plans to release its report for the first nine months of 2006 on October 31.

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