

Quarterly report – First quarter of 2007

Stock Exchange Announcement No. 7/2007
May 1, 2007

Financial highlights – Realkredit Danmark Group

NET PROFIT FOR THE PERIOD DKr m	Q1 2007	Q1 2006	Index 07/06	Full year 2006
Administration margin	695	652	107	2,689
Net interest income	395	297	133	1,281
Net fees	-80	-61	-	-233
Net trading income	10	-44	-23	222
Other income	42	50	84	324
Total income	1,062	894	119	4,283
Operating expenses	296	301	98	1,171
Profit before credit loss expenses	766	593	129	3,112
Credit loss expenses	-14	-9	156	-105
Profit before tax	780	602	130	3,217
Tax	219	169	130	861
Net profit for the period	561	433	130	2,356

BALANCE SHEET (AT MARCH 31, 2007)

DKr m				
Due from credit institutions etc.	18,691	17,654	106	18,554
Mortgage loans at fair value	607,725	567,002	107	602,584
Bonds and shares	4,388	5,759	76	39,553
Other assets	1,889	1,988	95	2,586
Total assets	632,693	592,403	107	663,277
Due to credit institutions etc.	6,930	2,554	271	5,267
Issued mortgage bonds	585,083	552,293	106	610,761
Other liabilities	6,953	6,313	110	14,083
Shareholders' equity	33,727	31,243	108	33,166
Total liabilities and equity	632,693	592,403	107	663,277

RATIOS AND KEY FIGURES

Net profit for the period as % p.a. of avg. shareholders' equity	6.7	5.6		7.4
Cost/income ratio, %	27.9	33.7		27.3
Solvency ratio (incl. of net profit for the period), %	10.2	10.2		10.2
Core (tier 1) capital ratio (incl. of net profit for the period), %	10.2	10.2		10.2
Full-time-equivalent staff, end of period	736	751		738

This Quarterly Report is a translation of the original report in the Danish language (Kvartalsrapport – 1. kvartal 2007). In case of discrepancies, the Danish version prevails.

Management's report

- The Realkredit Danmark Group recorded a rise of 30% in pre-tax profit from DKr602m for the first quarter of 2006 to DKr780m for the first quarter of 2007.
- The outstanding nominal bond debt on mortgage lending was DKr616bn, up 8% since the first quarter of 2006.
- The market share of net new lending was 25.8% in the first quarter of 2007, against 28.7% in 2006. The market share of the loan portfolio was 32.5% in the first quarter of 2007, against 32.8% at the end of 2006.
- At March 31, 2007, the solvency ratio was 10.2%.

Results for the first quarter of 2007

For the first quarter of 2007, the Realkredit Danmark Group's pre-tax profit was DKr780m, against DKr602m for the same period in 2006. The result was up 30% on the first quarter of 2006, mainly because of rising interest rates. The result was in line with expectations announced at the publication of the annual report for 2006.

Total income increased 19% relative to the first quarter of 2006.

At DKr695m, the administration margin was up DKr43m on the year-earlier period as a result of a larger loan portfolio.

Net interest income climbed 33% to DKr395m, primarily because of rising interest rates.

Net fees recorded a charge of DKr80m for the first quarter of 2007, against a charge of DKr61m for the first quarter of 2006. The increase was due mainly to a rise in activity- and portfolio-based fees paid to Danske Bank for mortgage loans arranged through it.

Operating expenses remained stable at the level recorded in the first quarter of 2006.

Credit loss expenses amounted to a net positive entry of DKr14m in the first quarter of 2007. The income derives from claims previously written off.

For the first quarter of 2007, the Realkredit Danmark Group's total tax charge amounted to DKr219m, corresponding to an effective tax rate of 28%.

Capital and solvency

At 31 March, 2007, shareholders' equity stood at DKr33,727m, against DKr31,243m at the end of 2006. The solvency ratio at the end of the first quarter was 10.2%, the same as at end-2006.

Balance sheet

Mortgage lending measured at fair value stood at DKr608bn, up DKr41bn on the figure recorded in the first quarter of 2006. The outstanding nominal bond debt increased DKr44bn to DKr616bn.

Issued mortgage bonds carried at fair value stood at DKr585bn, up DKr33bn compared with the first quarter of 2006. In terms of nominal value, issued bonds rose DKr35bn to DKr594bn. The amounts are exclusive of holdings of own bonds.

Mortgage credit market

The financial markets got off to a turbulent start in 2007. Danish bond yields continued to rise, in particular short-term rates. Refinancing activity was limited during certain periods.

Effective rate of interest %	March 31 2007	Dec. 31 2006
FlexLån [®] F1	4.3	4.2
4% 30-year fixed-rate loan	4.8	4.8
5% 30-year fixed-rate loan	5.2	5.2
FlexGaranti [®] 5M	5.0	4.5
RD Cibor [®]	4.2	4.0

Gross lending in the Danish mortgage credit market amounted to DKr88bn in the first quarter of 2007, down 19% from the level recorded in the first quarter of 2006. The downward trend was ascribable primarily to lower activity in the housing market.

Market share, all markets %	Q1	Full year
	2007	2006
Gross lending	26.4	29.7
Net new lending	25.8	28.7
Loan portfolio	32.5	32.8

Realkredit Danmark's market share of net new lending was 25.8% in the first quarter of 2007, below the figure recorded for 2006.

The table below shows a breakdown of lending on loan types. Expectations of rising interest rates influence customers' choice of loan type. In the private market, customers continue to favour fixed-rate loans, as many homeowners want to eliminate the risk of rising interest rates. Floating-rate loans remained the preferred loan type among corporate customers.

Lending broken down by loan type %	Share of gross lending		Share of loan portfolio	
	Q1	Full year	March 31,	Dec. 31,
	2007	2006	2007	2006
FlexLån [®]	37	38	41	42
Fixed-rate loans	46	41	45	44
FlexGaranti [®]	11	14	11	11
RD Cibor6 ^{®*}	6	7	3	3
Total	100	100	100	100

Outlook for 2007

The outlook for 2007 is unchanged compared with the statements made in the annual report for 2006.

The level of activity in the Danish mortgage credit market in 2007 is expected to remain largely unchanged from the level in 2006. Due to the expected slight rise in interest rates in 2007, the level of interest rate-driven refinancing is forecast to be low.

On the basis of current trends in sales of owner-occupied housing, demand for loans to finance changes of ownership is likely to be at the same level as in 2006.

The corporate market is expected to record trends similar to those in 2006 in urban trade and, to some extent, in residential rental property, although construction of large residential properties is expected to slow. The agricultural segment is expected to see the structural change towards larger production units continue, while the rate of price increase on agricultural property will decline.

The increase in the volume of lending will boost the administration margin in 2007. Net interest income is forecast to rise as a result of the general rise in interest rates. Net fee expenses will go up because of the activity- and portfolio-based fees paid to Danske Bank for mortgage loans arranged through it. Net trading income will depend largely on the level of securities prices at the end of the year. Other income will fall as 2006 was influenced by one-off income from the sale of the head office building at Jarmers Plads.

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

The pre-tax profit for 2007 will depend largely on trends in the financial markets, including the level of securities prices at the end of the year. At a slight increase in interest rates, pre-tax profit is expected to be 3-8% higher than in 2007.

The Group's tax rate is 28% calculated on the basis of current tax law.

Copenhagen, May 1, 2007

Financial highlights – Realkredit Danmark Group

NET PROFIT FOR THE PERIOD DKr m	Q1 2007	Q1 2006	Index 07/06	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2006
Administration margin	695	652	107	695	690	681	666	652	2,689
Net interest income	395	297	133	395	375	312	297	297	1,281
Net fees	-80	-61	-	-80	-58	-61	-53	-61	-233
Net trading income	10	-44	-23	10	107	135	24	-44	222
Other income	42	50	84	42	43	183	48	50	324
Total income	1,062	894	119	1,062	1,157	1,250	982	894	4,283
Operating expenses	296	301	98	296	303	273	294	301	1,171
Profit before credit loss expenses	766	593	129	766	854	977	688	593	3,112
Credit loss expenses	-14	-9	156	-14	-19	-22	-55	-9	-105
Profit before tax	780	602	130	780	873	999	743	602	3,217
Tax	219	169	130	219	253	240	199	169	861
Net profit for the period	561	433	130	561	620	759	544	433	2,356

BALANCE SHEET (AT MARCH 31, 2007)

DKr m

Due from credit institutions etc.	18,691	17,654	106	18,691	18,554	16,521	21,496	17,654	18,554
Mortgage loans	607,725	567,002	107	607,725	602,584	592,784	573,105	567,002	602,584
Bonds and shares	4,388	5,759	76	4,388	39,553	11,749	9,874	5,759	39,553
Other assets	1,889	1,988	95	1,889	2,586	2,374	2,428	1,988	2,586
Total assets	632,693	592,403	107	632,693	663,277	623,428	606,903	592,403	663,277
Due to credit institutions etc.	6,930	2,554	271	6,930	5,267	1,803	1,811	2,554	5,267
Issued mortgage bonds	585,083	552,293	106	585,083	610,761	579,047	564,054	552,293	610,761
Other liabilities	6,953	6,313	110	6,953	14,083	10,032	9,251	6,313	14,083
Shareholders' equity	33,727	31,243	108	33,727	33,166	32,546	31,787	31,243	33,166
Total liabilities and equity	632,693	592,403	107	632,693	663,277	623,428	606,903	592,403	663,277

RATIOS AND KEY FIGURES

Net profit for the period as % p.a. of avg. shareholders' equity	6.7	5.6		6.7	7.5	9.4	6.9	5.6	7.4
Cost/income ratio, %	27.9	33.7		27.9	26.2	21.8	29.9	33.7	27.3
Solvency ratio (incl. of net profit for the period), %	10.2	10.2		10.2	10.2	10.0	10.2	10.2	10.2
Core (tier 1) capital ratio (incl. of net profit for the period)	10.2	10.2		10.2	10.2	10.0	10.1	10.2	10.2
Full-time-equivalent staff, end of period	736	751		736	738	755	739	751	738

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have reviewed and approved the Quarterly Report – First quarter of 2007 of Realkredit Danmark A/S.

The report for the first quarter of 2007 is presented in accordance with IAS 34 *Interim Financial Reporting* and in accordance with additional Danish disclosure requirements for interim financial reporting of listed financial institutions.

In our opinion, the report gives a true and fair view of the Group's assets, liabilities and financial position at March 31, 2007, and of the results of the Group's operations and cash flows for the period from January 1 to March 31, 2007.

Copenhagen, May 1, 2007

Executive Board

Sven Holm

Chairman of the Executive Board and
Chief Executive Officer

Carsten Nøddebo Rasmussen

Member of the Executive Board

Board of Directors

Jakob Brogaard

Chairman

Sven Lystbæk

Deputy Chairman

Tonny Thierry Andersen

Klaus Pedersen

Per Skovhus

Margit Würtz

Accounting policies – Realkredit Danmark Group

This report for the first quarter of 2007 has been prepared in compliance with IAS 34 *Interim Financial Reporting* and additional Danish disclosure requirements for interim financial reporting of listed financial institutions.

The accounting policies are unchanged from the policies applied in the Annual Report 2006. The Annual Report 2006 provides a full description of the Group's accounting policies.

No review or audit of the Quarterly Report has taken place.

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 are expected to materially affect the Group's financial reporting.

Income statement – Realkredit Danmark Group

DKr m	Q1 2007	Q1 2006
Interest income	7,305	6,050
Interest expense	6,200	5,118
Net interest income	1,105	932
Dividends from shares	-	-
Fee and commission income	107	148
Fee and commission expense	187	209
Net fee and commission income	1,025	871
Value adjustments	-5	-27
Other operating income	42	50
Staff costs and administrative expenses	294	299
Impairment, amortisation and depreciation	2	2
Credit loss expenses	-14	-9
Income from associated and subsidiary undertakings	-	-
Profit before tax	780	602
Tax	219	169
Net profit for the period	561	433

Balance sheet – Realkredit Danmark Group

DKr m	March 31, 2007	December 31, 2006	March 31, 2006
ASSETS			
Cash in hand and demand deposits with central banks	9	7	4
Due from credit institutions and central banks	18,682	18,547	17,650
Bonds at fair value	4,278	39,448	5,515
Mortgage loans at fair value	607,725	602,584	567,002
Loans and other amounts due at amortised cost	470	436	343
Shares	110	105	244
Holdings in associated undertakings	-	-	-
Land and buildings	125	125	119
Investment property	-	-	-
Domicile property	125	125	119
Other tangible assets	16	17	15
Current tax assets	9	-	-
Deferred tax assets	66	67	82
Other assets	1,183	1,926	1,407
Prepayments	20	15	22
Total assets	632,693	663,277	592,403
LIABILITIES AND EQUITY			
LIABILITIES			
Due to credit institutions and central banks	6,930	5,267	2,554
Issued mortgage bonds at fair value	585,083	610,761	552,293
Current tax liabilities	27	28	12
Other liabilities	6,821	13,971	6,106
Deferred income	105	84	195
Total liabilities	598,966	630,111	561,160
SHAREHOLDERS' EQUITY			
Share capital	630	630	630
Other reserves			
Reserves in series	1,453	1,453	2,104
Other reserves	31,644	31,083	28,509
Total shareholders' equity	33,727	33,166	31,243
Total liabilities and equity	632,693	663,277	592,403

Capital – Realkredit Danmark Group

DKr m	Share capital	Proposed dividend	Other reserves	Total
Shareholders' equity at January 1, 2007	630	-	32,536	33,166
Net profit for the period	-	-	561	561
Shareholders' equity at March 31, 2007	630	-	33,097	33,727
Shareholders' equity at January 1, 2006	630	-	30,180	30,810
Net profit for the period	-	-	433	433
Shareholders' equity at March 31, 2006	630	-	30,613	31,243

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

Solvency – Realkredit Danmark Group

DKr m	March 31, 2007	December 31, 2006	March 31, 2006
Shareholders' equity	33,727	33,166	31,243
Expected dividend	-223	-	-
Net profit for the period	-	-	-433
Domicile property	54	54	50
Pension obligation	-160	-157	-41
Tax effect	45	44	12
Revaluation reserve	-43	-43	-24
Deferred tax assets	-111	-111	-100
Core (tier 1) capital, less statutory deductions	33,289	32,953	30,707
Reserves in series subject to a reimbursement obligation	133	133	160
Revaluation reserve	43	43	24
Capital base less statutory deductions	33,465	33,129	30,891
Risk-weighted items:			
not included in trading portfolio	321,555	318,733	297,253
with market risk included in trading portfolio	5,520	5,525	4,393
Total risk-weighted items	327,075	324,258	301,646
Core (tier 1) capital ratio, %	10.18	10.16	10.18
Solvency ratio, %	10.23	10.22	10.24

Cash flow statement – Realkredit Danmark Group

DKr m	Q1 2007	Q1 2006
Cash flow from operating activities		
Net profit for the period	561	433
Adjustment for non-liquid items in the income statement	-6,079	-5,595
Cash flow from operating capital	5,650	5,447
Total	132	285
Cash flow from investing activities		
Acquisition/sale of tangible assets	-	426
Total	-	426
Cash flow from financing activities		
Dividends	-	-
Total	-	-
Cash and cash equivalents at January 1	18,554	16,943
Change during the period	132	711
Cash and cash equivalents at March 31	18,686	17,654

Note DKr m

1 Operating activity accounts – Realkredit Danmark Group

Q1 2007	Mortgage finance	Own holdings	Total	Reclassi- fication	Highlights
Administration margin	695	-	695	-	695
Net interest income	395	15	410	-15	395
Dividends from shares	-	-	-	-	-
Net fees	-80	-	-80	-	-80
Net trading income	-	-	-	10	10
Value adjustments	43	-48	-5	5	-
Other income	42	-	42	-	42
Total income	1,095	-33	1,062	-	1,062
Operating expenses	295	1	296	-	296
Profit before credit loss expenses	800	-34	766	-	766
Credit loss expenses	-14	-	-14	-	-14
Income from associated and subsidiary undertakings	-	-	-	-	-
Profit before tax	814	-34	780	-	780
Q1 2006	Mortgage finance	Own holdings	Total	Reclassi- fication	Highlights
Administration margin	652	-	652	-	652
Net interest income	297	-17	280	17	297
Dividends from shares	-	-	-	-	-
Net fees	-61	-	-61	-	-61
Net trading income	-	-	-	-44	-44
Value adjustments	42	-83	-41	41	-
Other income	50	-	50	-	50
Total income	980	-100	880	14	894
Operating expenses	300	1	301	-	301
Profit before credit loss expenses	680	-101	579	14	593
Credit loss expenses	-9	-	-9	-	-9
Income from associated and subsidiary undertakings	-	14	14	-14	-
Profit before tax	689	-87	602	-	602

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 net interest income, value adjustments, etc. In the consolidated highlights, this income is reclassified as net trading income.

Note DKr m

2 Contingent liabilities

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 Pensionsafviklingskasse.

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	March 31, 2007	December 31, 2006	March 31, 2006
Guarantees etc.	4	4	4
Other liabilities	850	944	936
Total	854	948	940

Additional information

Financial calendar

Realkredit Danmark plans to release its other financial reports in 2007 on the following dates:

- Interim Report: August 9
- Quarterly Report – First nine months of 2007:
October 30

Contact person at Realkredit Danmark

Sven Holm, Chairman of the Executive Board and
Chief Executive Officer
Tel. +45 45 13 20 81

Address

Realkredit Danmark A/S
Parallevej 17
DK-2800 Kgs. Lyngby
Tel. +45 70 12 53 00
CVR-nr. 13 39 91 74 – Lyngby-Taarbæk

Useful links

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