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## Interim report – first half 2009

<b>Financial review</b>	
Financial highlights – Realkredit Danmark Group	3
Overview, first half	4
Profit for the period	4
Balance sheet	4
Capital and solvency	5
Mortgage credit market	5
Organisational changes	5
Outlook for 2009	6
<b>Interim financial statements – Realkredit Danmark Group</b>	
Income statement	7
Balance sheet	8
Statement of capital	9
Cash flow statement	10
Notes	11
<b>Interim financial statements – Realkredit Danmark A/S</b>	14
<b>Statement by the management</b>	20
<b>Supplementary information</b>	21

## Financial highlights – Realkredit Danmark Group

<b>INCOME STATEMENT</b> (DKr m)	First half 2009	First half 2008	Index 09/08	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Full year 2008
Administration margin	1,542	1,464	105	793	749	746	744	736	2,954
Net interest income	701	869	81	306	395	570	524	438	1,963
Net fee income	-202	-220	92	-105	-97	-105	-106	-113	-431
Income from investment portfolios	1,064	-37	-	175	889	290	294	-168	547
Other income	58	92	63	30	28	28	29	38	149
<b>Total income</b>	<b>3,163</b>	<b>2,168</b>	<b>146</b>	<b>1,199</b>	<b>1,964</b>	<b>1,529</b>	<b>1,485</b>	<b>931</b>	<b>5,182</b>
Operating expenses	495	496	100	258	237	278	236	247	1,010
<b>Profit before loan impairment charges</b>	<b>2,668</b>	<b>1,672</b>	<b>160</b>	<b>941</b>	<b>1,727</b>	<b>1,251</b>	<b>1,249</b>	<b>684</b>	<b>4,172</b>
Loan impairment charges	644	9	-	311	333	380	33	12	422
<b>Profit before tax</b>	<b>2,024</b>	<b>1,663</b>	<b>122</b>	<b>630</b>	<b>1,394</b>	<b>871</b>	<b>1,216</b>	<b>672</b>	<b>3,750</b>
Tax	510	421	121	161	349	215	304	177	940
<b>Net profit for the period</b>	<b>1,514</b>	<b>1,242</b>	<b>122</b>	<b>469</b>	<b>1,045</b>	<b>656</b>	<b>912</b>	<b>495</b>	<b>2,810</b>

### BALANCE SHEET (END OF PERIOD)

(DKr m)

Due from credit institutions etc.	47,681	13,253	360	47,681	7,763	25,069	21,717	13,253	25,069
Mortgage loans	686,277	635,184	108	686,277	681,930	669,891	643,234	635,184	669,891
Bonds and shares	2,067	3,024	68	2,067	21,193	13,062	5,064	3,024	13,062
Other assets	2,180	1,510	144	2,180	2,466	2,900	2,040	1,510	2,900
<b>Total assets</b>	<b>738,205</b>	<b>652,971</b>	<b>113</b>	<b>738,205</b>	<b>713,352</b>	<b>710,922</b>	<b>672,055</b>	<b>652,971</b>	<b>710,922</b>
Due to credit institutions etc.	35,135	3,171	1,108	35,135	22,284	8,111	13,251	3,171	8,111
Issued mortgage bonds	649,481	602,219	108	649,481	643,149	647,731	607,518	602,219	647,731
Other liabilities	11,494	10,581	109	11,494	8,306	16,512	13,374	10,581	16,512
Subordinated debt	2,013	-	-	2,013	-	-	-	-	-
Shareholders' equity	40,082	37,000	108	40,082	39,613	38,568	37,912	37,000	38,568
<b>Total liabilities and equity</b>	<b>738,205</b>	<b>652,971</b>	<b>113</b>	<b>738,205</b>	<b>713,352</b>	<b>710,922</b>	<b>672,055</b>	<b>652,971</b>	<b>710,922</b>

### RATIOS AND KEY FIGURES

Return on average shareholders' equity p.a. (%)	7.7	6.8		4.8	10.7	6.9	9.7	5.4	7.6
Cost/income ratio (%)	15.6	22.9		21.5	12.1	18.2	15.9	26.5	19.5
Solvency ratio (%)	48.3	62.8		48.3	50.7	56.6	62.2	62.8	56.6
Core (tier 1) capital ratio (%)	48.2	62.7		48.2	50.6	56.5	62.2	62.7	56.5
Full-time-equivalent staff (end of period)	515	521		515	519	520	519	521	520

## Overview, first half

- The Realkredit Danmark Group recorded a profit of DKr1,514m in the first half of 2009, against DKr1,242m in the first half of 2008. The financial performance is satisfactory and better than expected.
- The Realkredit Danmark Group supported its creditworthy customers throughout the period. Gross lending of DKr58bn in the first half of 2009, against DKr59bn in the first half of 2008.
- At June 30, 2009, the solvency ratio was 48.3%.
- The financial performance for 2009 as a whole will depend on macroeconomic developments and capital market trends. Owing to the general economic trends, Realkredit Danmark continues to expect high loan impairment charges during the remainder of 2009.

### Profit for the period

For the first half of 2009, the Realkredit Danmark Group's profit after tax was DKr1,514m, against DKr1,242m for the same period of 2008. The profit was 22% higher than in the first half of 2008, especially due to higher income from the investment portfolio, although this income was partially offset by higher loan impairment charges. The profit was satisfactory in spite of the continuing turmoil in the financial markets.

Total income rose DKr995m, or 46%, relative to the first half of 2008. The administration margin was up DKr78m on the year-earlier period as a result of the larger loan portfolio, whilst net interest income fell DKr168m, primarily on account of the lower level of interest rates.

Net fee expenses amounted to DKr202m in the first half of 2009, against DKr220m in the first half of 2008.

Income from investment portfolios amounted to DKr1,064m, against an expense of DKr37m in the year-earlier period. Income from the investment portfolios includes value adjustments of securities and the yield on the proprietary investment portfolio after deduction of funding costs – calculated on the basis of short-term money market rates. The increase was due to the fall in interest rates in the early part of the reporting period, which resulted in extraordinarily large value adjustments.

At DKr495m, operating expenses were on a level with the first half of 2008.

Loan impairment charges amounted to DKr644m in the first half of 2009, against DKr9m in the first half of 2008. In the second quarter of 2009, loan impairment charges amounted to DKr311m, against DKr333m in the first quarter of 2009. The charges in the first half correspond to 0.19% p.a. of total mortgage lending, with corporate loans representing

DKr399m and retail loans DKr245m of the impairment charges. Most of the impairment charges thus concern corporate loans, although charges concerning retail loans rose during the second quarter in step with the rising unemployment level. Delinquencies as a percentage of payments rose from the first to the second quarter, thus indicating no immediate improvement in loan impairment charges. The 3-month delinquency rate thus stood at 0.66% after the first half of 2009, against 0.28% at the beginning of the year.

The number of forced sales and bankruptcies also rose in the first half of 2009, although this was only to a limited extent discernible in the number of foreclosures. In the first half of 2009, there were 22 foreclosures and 17 foreclosed properties were sold, bringing the number of foreclosures at the end of June 2009 to a very moderate 28.

Property prices have fallen consistently in the course of the past two years. As interest rates also declined in the first half of 2009, the market value of the outstanding loan amounts has gone up. As a result of these combined impacts, Realkredit Danmark's average loan-to-value (LTV) ratio – calculated on the basis of the last krone lent for every property – rose from 57% at the end of 2008 to 65% at the end of June 2009. Despite the increase, the security underlying the loans remains at a high level.

The total tax charge for the first half of 2009 amounted to DKr510m, corresponding to an effective tax rate of 25%.

### Balance sheet

Mortgage lending at fair value rose DKr16bn from the level at the end of 2008 and amounted to DKr686bn. During the same period, the nominal outstanding bond debt rose DKr9bn to DKr692bn after gross lending of DKr58bn in the first half of 2009.

The market value of issued mortgage bonds rose DKr2bn from the figure at end 2008 and amounted to

DKr649bn. The nominal value fell DKr6bn to DKr654bn. The amounts are exclusive of holdings of own mortgage bonds.

Realkredit Danmark is subject to the specific balance principle and therefore has very limited exposure to market risks. At the end of the first half of 2009, Realkredit Danmark's interest rate risk and exchange rate risk amounted to DKr273m and DKr1m, respectively. In addition, the fact that Realkredit Danmark finances lending by issuing bonds means that its liquidity risk is very limited.

### Capital and solvency

In May 2009, Realkredit Danmark raised a subordinated loan in the form of hybrid core capital totalling DKr2bn from the Danish state. The interest rate is 9.265% p.a. The interest rate will be raised if Realkredit Danmark distributes dividends of more than DKr2.1bn p.a.

At the end of June 2009, shareholders' equity stood at DKr40.1bn, and the solvency ratio calculated according to CRD was 48.3%. At the end of 2008, the corresponding amounts were DKr38.6bn and 56.6%.

The Realkredit Danmark Group uses the advanced internal ratings-based (IRB) approach for calculating risk-weighted assets for credit risks. However, in accordance with the CRD transition rules, the capital requirement for 2009 must as a minimum amount to 80% of the requirement calculated under the previous rules, corresponding to DKr24.5bn and a solvency ratio of 28.1%.

At the end of June, the requirement for supplementary collateral for mortgage-covered bonds was calculated at DKr11.2bn and is covered by shareholders' equity and guarantees. At the end of 2008, the requirement was DKr4.0bn.

### Mortgage credit market

The continuing negative developments in macroeconomic conditions also result in great challenges for the financial sector. Recently, however, indicators have pointed to a stabilisation of macroeconomic conditions, but a clear trend is yet to be seen.

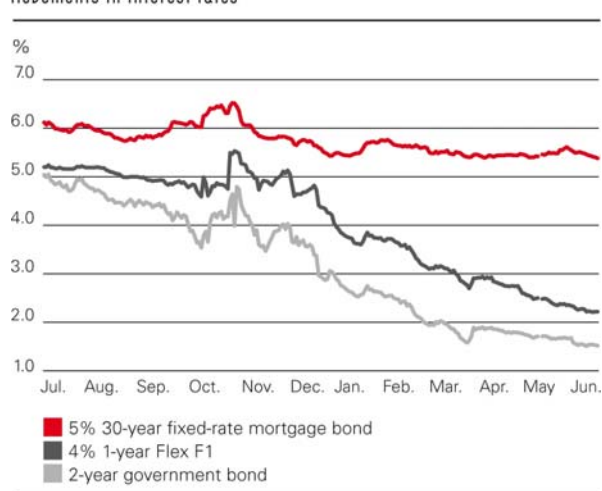
The housing market plays a crucial role in the current economic unrest. Since house prices peaked, the price of a single-family home has fallen by more than 12% on average, and owner-occupied flats by more than twice that figure. At the same time, trading activity remains subdued across the country with a historically large difference between asking prices and actual selling prices. This would indicate that it remains a buyer's market and that buyers expect a substantial price reduction before concluding a deal. However, Realkredit Danmark expects that the largest price falls

have occurred at the present time and that price falls will be more moderate going forward.

The global character of the crisis has made central banks around the world lower their key lending rates considerably. In Denmark, the repo rate was reduced to a historical low of 1.45%.

The lowered interest rates have been of particular importance to short-term mortgage bond yields in Denmark. The short-term mortgage bond yield underlying 1-year FlexLån<sup>®</sup> has thus dropped sharply. At the most recent fixing in December 2008, the interest rate was fixed at 5.2%. At June 30, 2009, it stood at a mere 2.2%.

Movements in interest rates



### Organisational changes

Sven Holm, Chairman of the Executive Board and Chief Executive Officer, retired at the end of May 2009. At June 1, 2009, Carsten Nøddebo Rasmussen, Member of the Executive Board, was appointed Chief Executive Officer, and Jens-Erik Corvinus, Head of RD Corporate was appointed new member of the Executive Board.

For the purpose of streamlining its advisory services to corporate customers in Denmark, the Danske Bank Group has decided to integrate the activities of Realkredit Danmark and Danske Bank in this area and to merge certain support functions. Consequently, the advisers of Realkredit Danmark's ten corporate centres will in future advise customers out of Danske Bank's ten finance centres and six agricultural centres. In this way, corporate customers will be serviced by the same staff regardless of whether they need bank or mortgage finance products. Realkredit Danmark's head office will continue to service large customers.

As a result of the changes, 175 employees will become employees of Danske Bank from September 1, 2009. The new organisational structure and the general de-

cline in activity in home finance and bond issuance will lead to a staff reduction of 48 at Realkredit Danmark.

**Outlook for 2009**

Interest rates in Denmark for short maturities fell by just under three percentage points during the first half of 2009. During the second half of 2009, interest rates are expected to fall by a small margin only.

The financial crisis has hit the labour market in Denmark hard, and unemployment has more than doubled over the past year, although from a low level. Unemployment is still historically low, but is likely to rise further.

Owing to the general economic trends, Realkredit Danmark expects the level of loan impairment charges to remain high in 2009. The turmoil is expected to become more subdued, however.

The expenses relating to the subordinated loan also reduce the expected profit for 2009.

The expected profit for 2009 will depend especially on developments in the capital markets and macroeconomic trends in Denmark.

## Income statement – Realkredit Danmark Group

(DKr m)	First half 2009	First half 2008	Q2 2009	Q2 2008
Interest income	18,108	16,465	9,060	8,323
Interest expense	15,571	14,150	7,761	7,153
Net interest income	2,537	2,315	1,299	1,170
Dividends from shares	12	12	12	12
Fee and commission income	247	225	144	128
Fee and commission expense	449	445	249	241
Net fee and commission income	2,347	2,107	1,206	1,069
Value adjustments	761	-32	-36	-176
Other operating income	58	92	30	38
Staff costs and administrative expenses	492	492	256	245
Impairment, depreciation and amortisation charges	3	4	2	2
Loan impairment charges	644	9	311	12
Income from associated and group undertakings	-3	1	-1	-
Profit before tax	2,024	1,663	630	672
Tax	510	421	161	177
Net profit for the period	1,514	1,242	469	495

## Balance sheet – Realkredit Danmark Group

(DKr m)	June 30, 2009	Dec. 31, 2008
<b>ASSETS</b>		
Cash in hand and demand deposits with central banks	42	5
Due from credit institutions and central banks	47,639	25,064
Bonds at fair value	1,995	12,986
Mortgage loans at fair value	686,277	669,891
Loans and other amounts due at amortised cost	558	471
Shares	63	63
Holdings in associated undertakings	9	13
Land and buildings	95	95
Domicile property	95	95
Other tangible assets	12	14
Current tax assets	227	31
Other assets	1,202	1,410
Prepayments	86	879
<b>Total assets</b>	<b>738,205</b>	<b>710,922</b>
<b>LIABILITIES AND EQUITY</b>		
<b>AMOUNTS DUE</b>		
Due to credit institutions and central banks	35,135	8,111
Issued mortgage bonds at fair value	649,481	647,731
Current tax liabilities	1	-
Other liabilities	11,480	16,489
<b>Total amounts due</b>	<b>696,097</b>	<b>672,331</b>
<b>PROVISIONS</b>		
Deferred tax	13	23
<b>Total provisions</b>	<b>13</b>	<b>23</b>
<b>SUBORDINATED DEBT</b>		
Subordinated debt	2,013	-
<b>Total liabilities</b>	<b>698,123</b>	<b>672,354</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	630	630
Other reserves		
Reserves in series	9,770	9,770
Other reserves	29,682	28,168
<b>Total shareholders' equity</b>	<b>40,082</b>	<b>38,568</b>
<b>Total liabilities and equity</b>	<b>738,205</b>	<b>710,922</b>



## Statement of capital – Realkredit Danmark Group

<b>CHANGE IN SHAREHOLDERS' EQUITY</b> (DKr m)	Share capital	Reserves in series	Other reserves	Total
Shareholders' equity at January 1, 2009	630	9,770	28,168	38,568
Net profit for the period	-	-	1,514	1,514
Shareholders' equity at June 30, 2009	630	9,770	29,682	40,082
Shareholders' equity at January 1, 2008	630	6,334	28,794	35,758
Net profit for the period	-	-	1,242	1,242
Shareholders' equity at June 30, 2008	630	6,334	30,036	37,000

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

As the Danish state has injected hybrid core (tier 1) capital into Realkredit Danmark, the Group cannot distribute dividends or carry out share buybacks until October 1, 2010. From October 1, 2010 and for as long as the Danish state holds hybrid core capital, the Group may distribute dividends if such dividends can be paid in full out of the profit for the year.

<b>SOLVENCY</b> (DKr m)	June 30, 2009	Dec. 31, 2008
Shareholders' equity	40,082	38,568
Expected dividends	-	-
Revaluation of domicile property	57	57
Pension obligations at fair value	-183	-114
Tax effect	34	16
Shareholders' equity calculated in accordance with the rules of the Danish FSA	39,990	38,527
Revaluation reserve	-45	-45
Deferred tax assets	-21	-
Difference between expected losses and value adjustments	-1	-62
Core (tier 1) capital, excluding hybrid core capital	39,923	38,420
Hybrid core capital	2,013	-
Core (tier 1) capital	41,936	38,420
Reserves in series subject to a reimbursement obligation	68	96
Revaluation reserve	45	45
Difference between expected losses and value adjustments	-	-62
Capital base	42,049	38,499
<b>Capital requirement</b>		
Credit risk, IRB approach	5,967	4,298
Credit risk, standardised approach	5	1
Counterparty risk	1	38
Total credit risk	5,973	4,337
Market risk	387	547
Operational risk	606	556
Capital requirement under Pillar I	6,966	5,440
Pillar II and transition rules	17,528	21,702
ICAAP result	24,494	27,142
Total risk-weighted assets	87,078	67,993
Core (tier 1) capital ratio (%)	48.16	56.51
Solvency ratio (%)	48.29	56.62

In accordance with the CRD transition rules, the minimum requirement for the solvency ratio at June 30, 2009, is 28.1%.

## Cash flow statement – Realkredit Danmark Group

(DKr m)	First half 2009	First half 2008
<b>Cash flow from operating activities</b>		
Net profit for the period	1,514	1,242
Adjustment for non-cash operating items	-4,315	-2,493
Cash flow from operating capital	23,379	-8,717
Total	20,578	-9,968
<b>Cash flow from investing activities</b>		
Acquisition/sale of tangible assets	-	43
Total	-	43
<b>Cash flow from financing activities</b>		
Change in hybrid core capital	2,034	-
Total	2,034	-
Cash and cash equivalents, beginning of period	25,069	23,178
Change during the period	22,612	-9,925
Cash and cash equivalents, end of period	47,681	13,253

# Notes - Realkredit Danmark Group

Note

**1 Significant accounting policies**

The Group's interim report for the first six months of 2009 has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reports of issuers of listed bonds.

Apart from the below additions regarding subordinated debt and hedge accounting, the Group has not changed its significant accounting policies from those followed in Annual Report 2008, which provides a full description of the Group's significant accounting policies.

*Subordinated debt*

Subordinated debt is measured at amortised cost plus the fair value of the hedged interest rate risk.

*Hedge accounting*

The Group uses derivatives to hedge the interest rate risk on fixed-rate liabilities measured at amortised cost. Hedged risks that meet specific criteria qualify for fair value hedge accounting and are treated accordingly. The interest rate risk on the hedged assets and liabilities is recognised at fair value as a value adjustment of the hedged items in the income statement.

*Accounting estimates and assessments*

The preparation of the financial statements is based on updated estimates and assessments of future events that will significantly affect the carrying amounts of assets and liabilities. The estimates and assessments are based on assumptions that the management finds reasonable but that are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected future events or situations may occur. Other people make other estimates. Similarly to year-end 2008, the amounts most influenced by critical estimates and assessments are

- impairment charges for mortgage loans
- the fair value of financial instruments

Particularly at times when macroeconomic forecasts are difficult to make, impairment charges for mortgage loans are to a high degree based on estimates.

For a detailed description of the Group's significant risks and external conditions that may affect the Group, see Annual Report 2008.

The interim report has not been reviewed or audited.

***Standards and interpretations not yet in force***

The International Accounting Standards Board (IASB) has issued a number of international standards that have not yet come into force and the International Financial Interpretations Committee (IFRIC) has issued a number of interpretations that have not yet come into force.

None of these is expected to materially affect the financial reporting of the Group.

## Notes - Realkredit Danmark Group

Note (DKr m)

### 2 Profit broken down by activity - Realkredit Danmark Group

<b>FIRST HALF 2009</b>	Mortgage finance	Own holdings	Total	Reclassi- fication	Highlights
Administration margin	1,542	-	1,542	-	1,542
Net interest income	701	294	995	-294	701
Dividends from shares	-	12	12	-12	-
Net fee income	-202	-	-202	-	-202
Income from investment portfolios	-	-	-	1,064	1,064
Value adjustments	115	646	761	-761	-
Other income	58	-	58	-	58
<b>Total income</b>	<b>2,214</b>	<b>952</b>	<b>3,166</b>	<b>-3</b>	<b>3,163</b>
Operating expenses	493	2	495	-	495
Profit before loan impairment charges	1,721	950	2,671	-3	2,668
Loan impairment charges	644	-	644	-	644
Income from associated undertakings	-	-3	-3	3	-
Profit before tax	1,077	947	2,024	-	2,024
<b>FIRST HALF 2008</b>	<b>Mortgage finance</b>	<b>Own holdings</b>	<b>Total</b>	<b>Reclassi- fication</b>	<b>Highlights</b>
Administration margin	1,464	-	1,464	-	1,464
Net interest income	869	-18	851	18	869
Dividends from shares	-	12	12	-12	-
Net fee income	-220	-	-220	-	-220
Income from investment portfolios	-	-	-	-37	-37
Value adjustments	27	-59	-32	32	-
Other income	92	-	92	-	92
<b>Total income</b>	<b>2,232</b>	<b>-65</b>	<b>2,167</b>	<b>1</b>	<b>2,168</b>
Operating expenses	494	2	496	-	496
Profit before loan impairment charges	1,738	-67	1,671	1	1,672
Loan impairment charges	9	-	9	-	9
Income from associated undertakings	-	1	1	-1	-
Profit before tax	1,729	-66	1,663	-	1,663

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 own holdings and trading activities is carried in the income statement under net interest income, value adjustments, etc. In the consolidated highlights, this income is reclassified to income from investment portfolios.

## Notes - Realkredit Danmark Group

Note (DKr m)

### 3 **Contingent liabilities**

Owing to its business volume, the Realkredit Danmark Group is continually a party to various lawsuits. However, 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 through regular payments to insurance companies, pension funds, etc. In addition, Realkredit Danmark guarantees the pension obligations of Kreditforeningen Danmarks Pensionsafviklingskasse.

The company is registered jointly with all significant Danish companies in 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 other liabilities issued by the Group, irrevocable loan commitments regarding reverse mortgages and similar commitments not recognised on the balance sheet.

<b>Guarantees and other liabilities</b>	June 30, 2009	Dec. 31, 2008
Guarantees etc.	4	4
Other liabilities	654	732
<b>Total</b>	<b>658</b>	<b>736</b>

### 4 **Assets deposited as collateral**

At June 30, 2009, the Group had deposited securities worth DKr10,091m as collateral with Danish and international clearing centres and other institutions (End of 2008: DKr20,913m).

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and the amounts received are recognised as due to credit institutions and central banks. Repo transaction securities are treated as assets provided as collateral for liabilities. At June 30, 2009, the carrying amount of such securities totalled DKr35,123m (End of 2008: DKr8,111m). Counterparties are entitled to sell the securities or deposit them as collateral for other loans.

Mortgage loans at a fair value of DKr686,277m were deposited as collateral for issued mortgage bonds, including mortgage-covered bonds, at June 30, 2009. (End of 2008: DKr669,891m).

## Interim financial statements - Realkredit Danmark A/S

(DKr m)

The financial statements of the Parent Company, Realkredit Danmark A/S, are presented in accordance with the Danish Financial Business Act, including the Danish FSA's executive order on financial reports presented by credit institutions etc. 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 obligations. Holdings in subsidiary undertakings are valued using 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 below sets out the difference between the Group's IFRS accounts and its reporting to the Danish FSA with respect to net profit and shareholders' equity.

	Net profit first half 2009	Net profit first half 2008	Shareholders' equity June 30, 2009	Shareholders' equity Dec 31, 2008
Group accounts according to IFRS	1,514	1,242	40,082	38,568
Domicile property	-	-5	57	57
Pension obligations	-69	-36	-183	-114
Tax effect	17	9	34	17
Group accounts according to the rules of the Danish FSA	1,462	1,210	39,990	38,528

## Income statement - Realkredit Danmark A/S

Note	(DKr m)	First half 2009	First half 2008
	Interest income	18,106	16,459
	Interest expense	15,571	14,149
	Net interest income	2,535	2,310
	Dividends from shares	12	12
	Fee and commission income	247	225
	Fee and commission expense	449	445
	Net fee and commission income	2,345	2,102
1	Value adjustments	761	-32
	Other operating income	5	10
	Staff costs and administrative expenses	503	467
	Impairment, depreciation and amortisation charges	2	2
	Loan impairment charges	632	9
	Income from associated and group undertakings	-15	15
	Profit before tax	1,959	1,617
	Tax	497	407
	Net profit for the period	1,462	1,210

## Balance sheet - Realkredit Danmark A/S

Note	DKr m	June 30, 2009	Dec 31, 2008
	<b>ASSETS</b>		
	Cash in hand and demand deposits with central banks	42	5
	Due from credit institutions and central banks	47,546	24,865
	Bonds at fair value	1,995	12,986
	Mortgage loans at fair value	686,277	669,891
2	Loans and other amounts due at amortised cost	508	429
	Shares	61	62
	Holdings in associated undertakings	9	13
	Holdings in subsidiary undertakings	186	298
	Land and buildings	152	152
	Domicile property	152	152
	Other tangible assets	10	11
	Current tax assets	222	28
	Deferred tax assets	5	-
	Other assets	988	1,254
	Prepayments	84	877
	<b>Total assets</b>	<b>738,085</b>	<b>710,871</b>
	<b>LIABILITIES AND EQUITY</b>		
	<b>AMOUNTS DUE</b>		
	Due to credit institutions and central banks	35,135	8,111
	Issued mortgage bonds at fair value	649,481	647,731
	Current tax liabilities	3	-
	Other liabilities	11,236	16,235
	<b>Total amounts due</b>	<b>695,855</b>	<b>672,077</b>
	<b>PROVISIONS</b>		
	Deferred tax	-	22
	Reserves in early series subject to a reimbursement obligation	227	244
	<b>Total provisions</b>	<b>227</b>	<b>266</b>
	<b>SUBORDINATED DEBT</b>		
	Subordinated debt	2,013	-
	<b>SHAREHOLDERS' EQUITY</b>		
	Share capital	630	630
	Revaluation reserve	45	45
	Reserve according to the equity method	-	49
	Reserves in series	9,754	9,754
	<b>Other reserves</b>	<b>29,561</b>	<b>28,050</b>
	<b>Total shareholders' equity</b>	<b>39,990</b>	<b>38,528</b>
	<b>Total liabilities and equity</b>	<b>738,085</b>	<b>710,871</b>



## Statement of capital – Realkredit Danmark A/S

<b>CHANGE IN SHAREHOLDERS' EQUITY</b> (DKr m)	Share capital	Revaluation reserve	Reserve equity met.	Reserves in series	Other reserves	Total
Shareholders' equity at January 1, 2009	630	45	49	9,754	28,050	38,528
Net profit for the period	-	-	-49	-	1,511	1,462
Shareholders' equity at June 30, 2009	630	45	-	9,754	29,561	39,990
Shareholders' equity at January 1, 2008	630	48	33	6,333	28,641	35,685
Adjustment of properties	-	1	-	-	-	1
Net profit for the period	-	-3	15	-	1,198	1,210
Shareholders' equity at June 30, 2008	630	46	48	6,333	29,839	36,896

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.

As the Danish state has injected hybrid core (tier 1) capital into Realkredit Danmark, the company cannot distribute dividends or carry out share buybacks until October 1, 2010. From October 1, 2010 and for as long as the Danish state holds hybrid core capital, the company may distribute dividends if such dividends can be paid in full out of the profit for the year.

## Notes - Realkredit Danmark A/S

Note	DKr m	First half 2009	First half 2008
1	<b>Value adjustments</b>		
	Mortgage loans	7,683	-13,024
	Bonds	101	-86
	Shares	-1	-
	Currency	8	5
	Derivatives	-204	6
	Issued mortgage bonds	-6,841	13,067
	Subordinated debt	15	-
	<b>Total</b>	<b>761</b>	<b>-32</b>

### 2 Loans etc.

At June 30, 2009, total impairment of mortgage loans stood at DKr1,009m, against DKr457m at the beginning of the year. At June 30, 2009, impairment of loans at amortised cost amounted to DKr67m, against DKr42m at the beginning of the year.

	Loans etc., individual impairment	Loans etc., collective impairment	Total
Impairment charges etc. at January 1, 2009	433	66	499
Impairment charges etc. during the period	719	10	729
Reversals of impairment charges etc. for previous years	92	60	152
<b>Impairment charges etc. at June 30, 2009</b>	<b>1,060</b>	<b>16</b>	<b>1,076</b>
Impairment charges etc. at January 1, 2008	69	21	90
Impairment charges etc. during the year	391	76	467
Reversals of impairment charges etc. for previous years	27	31	58
<b>Impairment charges etc. at December 31, 2008</b>	<b>433</b>	<b>66</b>	<b>499</b>

### 3 Developments in lending activities in Denmark in the first half of 2009

Under Danish law, an institution that receives a state-funded capital injection must publish semi-annual statements on its lending developments in Denmark.

Realkredit Danmark grants loans against mortgages on all types of real property on the basis of the property value and an assessment of the borrower's ability and intention to repay the loan. In compliance with applicable law, mortgaged properties are valued at current market value with due consideration to price forecasts. Only in the event of default or other cause for termination as stipulated in the mortgage document can Realkredit Danmark terminate a loan for repayment.

Realkredit Danmark's markets continued to suffer from negative developments in macroeconomic conditions, including steeply declining industrial output, declining asset values and low consumer confidence. Economic indicators have lately pointed to a stabilisation, but a clear trend is yet to be seen. The situation had an adverse effect on customers' creditworthiness and moderated their investment appetite and thus the demand for loans. The result was a decline in the number of financially viable projects and lending.

Retail customers must be able to demonstrate ability to repay by documenting income sufficient to provide a reasonable amount available for consumption after deduction of loan payments. The calculations are based on a 30-year fixed-rate annuity loan. Priority customers (Prioritet-skunder), that is, customers who have made payments over the past two years on time, can obtain loans without submitting such documentation on condition that they receive advisory services from Realkredit Danmark as required by the rules of the Executive Order on Good Business Practice for Financial Undertakings.

Corporate customers must demonstrate ability to repay by documenting sufficient positive cash flows from operations. With respect to loans for property types prone to large losses, Realkredit Danmark's requirements to customer creditworthiness are stricter. Such property types include properties with limited alternative uses and properties used by customers in weak or cyclical industries.

Realkredit Danmark charges an administration margin as a percentage of the debt outstanding. In the private market, this margin is based on the ranking of the mortgage, while the customer's creditworthiness is the key parameter in the corporate market.

## Notes - Realkredit Danmark A/S

Note (DKr m)

As a general rule, Realkredit Danmark provides loans up to statutory limits. However, because of the uncertainty surrounding property prices and the rules concerning supplementary collateral for covered bond loans, Realkredit Danmark decided in the first quarter of 2009 to provide loans to urban commercial and agricultural properties up to 60% of the valuation only. Under previous practice, the limit was 70%.

Loans to finance rental properties owned by creditworthy corporate customers with average classification must now generally have 12 payment dates per year, as this enables Realkredit Danmark to register signs of financial difficulty early on and thus to take swift action to curb losses. Furthermore, Realkredit Danmark raised contribution margins for both new and existing corporate loans.

In the first half of 2009, Realkredit Danmark introduced a new requirement for retail priority customers. They must now not only have put their home up for sale, but have actually sold it, before a loan for a new, not significantly more expensive, home can be granted. If the existing home has not been sold, priority customers must, as is the case for non-priority customers, demonstrate ability to repay even if the home is eventually sold significantly below the asking price and is on the market for a considerable period of time. The required amount available for consumption remains at the level fixed in mid-2008. Requirements for the granting of loans to finance rental property in the corporate market were tightened in the first half of 2009, and Realkredit Danmark now focuses increasingly on vacancy rates.

Retail customer demand for credit, measured in terms of the loan amount sought, rose 8% in the first half of 2009, with most of the rise taking place in the second quarter. For existing customers, demand for credit, including remortgaging, climbed 5%. The average loan amount sought fell in the first half of 2009, although with a declining trend in the second quarter. For new customers, demand for credit rose in the first half-year. The share of approved applications was unchanged from the second half of 2008 and was 97% at June 30, 2009. The share of approved applications saw a slight increase from the first to the second quarter of 2009. For existing customers, the share of approved applications was 97%, against 98% for the second half of 2008, while the share of approved applications from new customers was unchanged.

Danish corporate customer demand for credit fell 47% from the figure for the second half of 2008, with most of the fall taking place in the first quarter. For existing customers, the fall was 53%, mainly because the number of loan applications fell 19%, and the average amount sought dropped 42%. For new customers, the demand for credit and the number of loan applications also fell. The share of approved applications from existing customers fell from 93% in the second half of 2008 to 86% in the first half of 2009. Loan applications from new customers recorded a similar trend. The table below breaks down loans etc. on customer segments.

The table below shows the development in loans and advances, irrevocable loan commitments and guarantees for customers of Realkredit Danmark A/S secured on properties situated in Denmark. New customers are customers to whom Realkredit Danmark has not granted loans within the past 12 months. In the second half of 2009, exposure to corporate customers rose Dkr8bn, and exposure to retail customers rose Dkr7bn.

Mortgage loans (DKr m)	June 30, 2009			Dec 31, 2008
	New customers	Existing customers	Total	Total
Corporate customers				
Commercial property	397	97,528	97,925	94,060
Agriculture	126	50,970	51,096	49,580
Other	425	128,548	128,973	126,562
Total corporate customers	948	277,046	277,994	270,202
Retail customers				
Mortgages	1,271	399,334	400,605	393,118
Total	2,219	676,380	678,599	663,320

In compliance with statutory requirements, this statement on lending developments is available as a separate document at [www.rd.dk/Omrld](http://www.rd.dk/Omrld).

## Statement by the management

The Board of Directors and the Executive Board (the management) have considered and approved the interim report of the Realkredit Danmark Group for the period starting on January 1, 2009, and ending on June 30, 2009.

The consolidated financial statements for the first half of 2009 are presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, while the Parent Company's interim financial statements have been prepared in accordance with the Danish Financial Business Act. Furthermore, the interim report has been presented in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

In our opinion, the interim financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at June 30, 2009 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the period starting on January 1, 2009, and ending on June 30, 2009. Moreover, in our opinion, the financial review gives a true and fair view of developments in the Group's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group.

Kgs. Lyngby, August 11, 2009

### **Executive Board**

**Carsten Nøddebo Rasmussen**  
Chairman of the Executive Board

**Jens-Erik Corvinius**  
Member of the Executive Board

### **Board of Directors**

**Sven Lystbæk**  
Chairman

**Henrik Normann**  
Vice chairman

**Tonny Thierry Andersen**

**Per Skovhus**

**Max Jeppesen**

**Klaus Pedersen**

## Supplementary information

### Financial calendar

Realkredit Danmark plans to release its financial reports in 2009 and 2010 on the following dates:

- Interim Report – First Nine Months 2009:  
November 3, 2009
- Annual Report 2009:  
February 4, 2010
- Interim Report – First Three Months 2010:  
May 4, 2010
- Interim report – First Half 2010:  
August 10, 2010
- Interim Report – First Nine Months 2010:  
November 2, 2010

### Contact

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### Useful links

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