



Annual Report 2007

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This Annual Report is a translation of the original report in the Danish language (Årsrapport 2007).
In case of discrepancies, the Danish report prevails.

5-year financial highlights – Realkredit Danmark Group

NET PROFIT FOR THE YEAR

DKr m	2007	2006	2005	2004	2003
Administration margin	2,833	2,689	2,471	2,318	2,216
Net interest income	1,740	1,281	1,178	953	1,216
Net fees	-340	-233	83	125	186
Net trading income	237	222	355	436	246
Other income	160	324	232	126	140
Total income	4,630	4,283	4,319	3,958	4,004
Operating expenses	1,194	1,171	1,251	1,255	1,454
Profit before credit loss expenses	3,436	3,112	3,068	2,703	2,550
Credit loss expenses	-10	-105	-118	-18	24
Profit before tax	3,446	3,217	3,186	2,721	2,526
Tax	854	861	769	655	609
Net profit for the year	2,592	2,356	2,417	2,066	1,917

BALANCE SHEET (YEAR-END)

DKr m					
Due from credit institutions etc.	23,178	18,554	16,943	12,886	14,914
Mortgage loans	627,809	602,584	569,092	524,428	497,563
Bonds and shares	40,059	39,553	35,925	35,891	128,323
Other assets	3,157	2,586	3,893	3,404	6,346
Total assets	694,203	663,277	625,853	576,609	647,146
Due to credit institutions etc.	11,918	5,267	45,390	2,068	874
Issued mortgage bonds	630,844	610,761	536,530	531,401	603,120
Other liabilities	15,683	14,083	13,123	13,422	15,915
Shareholders' equity	35,758	33,166	30,810	29,718	27,237
Total liabilities and equity	694,203	663,277	625,853	576,609	647,146

RATIOS AND KEY FIGURES

Net profit for the year as % of average shareholders' equity	75	74	8.0	7.2	7.3
Cost/income ratio, %	25.8	27.3	29.0	31.7	36.3
Solvency ratio, %	10.5	10.2	10.1	10.1	10.4
Core (tier 1) capital ratio, %	10.5	10.2	10.0	10.0	10.3
Full-time equivalent staff, end of year	519	738	749	771	981

For 2004-2007, items are valued in accordance with IFRS. For 2003, items are valued in accordance with the rules in force at the time.

Financial review

In 2007, the Realkredit Danmark Group's profit after tax was DKr2,592m, against DKr2,356m the year before. The pre-tax profit of DKr3,446m matched the level forecast at the publication of the report for the first nine months of 2007.

Mortgage lending rose by 4% from DKr603bn at the beginning of 2007 to DKr628bn at year-end. The increase covered an increase in the outstanding nominal bond debt of DKr39bn and a DKr14bn decline in the market value as a result of rising interest rates.

The market share of net new lending stood at 25.1% in 2007 as compared with 28.7% in 2006. The market share of the loan portfolio was 31.8% at the end of 2007, compared with 32.8% at year-end 2006. The lower market shares are partly attributable to the fact that Realkredit Danmark has generally advised against refinancing to a higher coupon, thus limiting the volume of refinancing activity and related supplementary borrowing in 2007.

Results

Total income amounted to DKr4,630m, in 2007, up from DKr4,283m in 2006.

At DKr2,833m, the administration margin rose by DKr144m in 2007 as a result of the larger loan portfolio.

Net fee expenses were up DKr107m to DKr340m in 2007, primarily because of the portfolio-based fees paid for mortgage loans arranged through Danske Bank.

Net trading income amounted to DKr237m, against DKr222m in 2006. Net trading income consists of 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.

Other income amounted to DKr160m in 2007, a decline of DKr164m relative to 2006, when the item was positively affected by a DKr137m gain on the sale of the property at Jarmers Plads 2 in Copenhagen.

At DKr1,194m, operating expenses were largely unchanged from the year before, resulting in an improvement of the cost/income ratio from 27.3% in 2006 to 25.8% in 2007.

Credit loss expenses represented a net income of DKr10m in 2007 against an income of DKr105m in 2006. Credit quality remained strong, and impairment charges were moderate relative to the total volume of lending.

The Group's total tax charge for 2007 was DKr854m against DKr861m in 2006. With effect from January 1, 2007, the Danish corporation tax rate was lowered from 28% to 25%. The tax charge on the profit for the year was thus reduced by DKr99m. The adjustment of the tax asset resulted in an expense of DKr7m.

Capital and solvency

Shareholders' equity stood at DKr35,758m at the end of 2007, against DKr33,166m at year-end 2006. The increase equals the profit for the year. No dividend was paid for 2007.

On December 31, 2007, the capital base stood at DKr35,718m, corresponding to a solvency ratio of 10.5%. The statutory minimum requirement is 8.0%.

Capital base and solvency

DKr m	Dec. 31, 2007	Dec. 31, 2006
Core capital less statutory deductions	35,564	32,953
Supplementary capital less statutory deductions	154	176
Capital base	35,718	33,129
Total weighted items	339,828	324,258
Solvency ratio	10.5	10.2
Core (tier 1) capital ratio	10.5	10.2

Balance sheet

At the end of 2007, the Group's assets totalled DKr694bn, an increase of 5%.

Mortgage lending rose by DKr25bn in 2007 to DKr628bn. The nominal outstanding bond debt rose by DKr39bn to DKr648bn after gross lending of DKr119bn in 2007.

The private market accounted for 62% of the total loan portfolio at end-2007, which was on a level with year-end 2006. Interest-only loans accounted for 44% of the loan portfolio in the private market at December 31 against 39% at year-end 2006.

Issued mortgage bonds rose DKr20bn in 2007 to DKr631bn. In nominal value, issued bonds rose by DKr35bn to DKr652bn.

Outlook for 2008

Activity in the mortgage credit market in 2008 is expected to be slightly weaker than in 2007. Due to the expected slight fall in interest rates in 2008, the level of interest rate-driven refinancing is forecast to be low.

The private market is expected to see unchanged to slightly falling property prices and unchanged property sales. Consequently, demand for mortgage loans to finance changes of ownership is likely to be at the same level as in 2007.

In the corporate market, investments in new developments are expected to decline in 2008. Consequently, Realkredit Danmark's loans to corporate customers in 2008 are expected to be slightly lower than in 2007.

The increase in the volume of lending will boost the administration margin in 2008. Net interest income is forecast to rise as a result of the rise in shareholders' equity. Net fee expenses will go up because the activity and portfolio-based fees paid to Danske Bank for mortgage loans arranged through them in 2008 will also comprise a larger proportion of the loans in the private market. Net trading income will depend largely on the level of securities prices at the end of the year.

Operating expenses will decline because a number of employees were transferred to Danske Bank in connection with the organisational change referred to on page 5.

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

The pre-tax profit for 2008 will depend largely on trends in the financial markets, including the level of securities prices at the end of the year. At a slight fall in interest rates, pre-tax profit is expected to be 4-9% higher than in 2007.

Tax payable by the Group is expected to be 25% of the pre-tax profit.

Organisation

Organisational change

In October 2007, Realkredit Danmark restructured its organisation with a view to strengthening its local presence in the private market and its co-operation with Danske Bank in this market.

The 22 mortgage credit offices were closed down, and the customer advisers transferred to 48 different Danske Bank branches to work as home finance advisers, offering customers expert advice on mortgage credit and home finance.

In the corporate market, the Group strengthened its organisation by opening six new corporate centres and a unit dedicated to serving large corporate customers.

Human resources

The annual employee satisfaction survey aims to identify areas that could benefit from increased efforts to improve employee satisfaction, motivation and loyalty at Realkredit Danmark. The 2007 survey again showed a satisfactory level of employee satisfaction.

Human resource initiatives and projects are regularly implemented in order to maintain a positive trend in employee satisfaction and to retain employees.

At the end of 2007, the number of full-time equivalent staff at the Realkredit Danmark Group was 519, compared with 738 at the beginning of the year. The lower headcount was due primarily to the organisational change, in which Realkredit Danmark's home finance advisers and a large number of its back office staff transferred to Danske Bank.

Management

Realkredit Danmark A/S is a wholly-owned subsidiary of Danske Bank A/S. The Board of Directors consists of four directors who represent the bank and two directors elected by the employees. The Board of Directors changed on December 1, 2007, when Margit Würtz, who was elected by the employees, retired. Her alternate, Max Jeppesen, replaced her on the Board.

Distribution channels

Realkredit Danmark's distribution channels are:

- Corporate centres and the Mortgage Line
- Danske Bank branches
- The Internet
- The real-estate agency chain "home"

After the organisational change in October 2007, Realkredit Danmark has expanded its corporate distribution capacity by six corporate centres and now has ten corporate centres across Denmark. Most of these centres are located in premises shared with Danske Bank finance centres, giving corporate customers the best possible opportunity to get fast, competent and co-ordinated advice on all types of financial products in the corporate market. The largest corporate customers are served through the Large Corporates unit in Lyngby.

Realkredit Danmark's local presence in the private market more than doubled in 2007 so that customers can now receive home finance advisory services from Realkredit Danmark home finance advisers at 48 centrally located Danske Bank branches across Denmark. In addition, the nation-wide branch network of Danske Bank branches, comprising a total of 408 branches and finance centres, strengthens the distribution power of Realkredit Danmark considerably, and the broad range of products and services gives the Group a very strong basis for sales of mortgage products.

Following the organisational change, a number of new employees joined the Mortgage Line in preparation for the expected future increase in the number of customers who contact Realkredit Danmark for mortgage advice over the telephone. Telephone services encompass all advisory aspects for private customers and the full processing of loan applications.

An increasing number of customers visit Realkredit Danmark's website, www.rd.dk. A growing number of services on the Web site allow both existing and potential customers to make a large number of calculations. Furthermore, Realkredit Danmark provides indicative property values using an electronic home value calculator. Electronic registration of mortgages, which is expected to be implemented in November 2008, will substantially increase the potential for self-service options on the Internet.

"home" is the Danish real-estate agency chain of the Danske Bank Group. The real estate-agency activities are organised as franchise business and comprise 190 estate agents. Loans distributed through "home" are mainly used to finance changes of ownership. Sale of owner-occupied dwellings is the largest business area of the real-estate agency, but "home" and Realkredit Danmark also collaborate on the corporate market. "home" has a total of 12 corporate centres and eight back office functions across Denmark. The back office function handles after-sale services to optimise the process of a change of ownership.

Administration

Home finance-related back-office functions for loans arranged by Realkredit Danmark's corporate centres are performed by Property Valuation & Support, while all back-office functions for mortgage loans arranged through the Mortgage Line and Danske Bank are handled by Home Service at Danske Bank.

Some of the valuations of owner-occupied dwellings are made using Realkredit Danmark's property valuation model. Other owner-occupied dwellings, including holiday homes, are valued on the basis of physical inspections performed by Realkredit Danmark's valuation consultants, who are physically located at the ten corporate centres.

Local strategy

In 2007, Realkredit Danmark continued its local strategy to play a more active role in the local community. Awards were made under Realkredit Danmark's Smart Square Metres sponsorship initiative, which gives financial support to educational institutions and companies that give special priority to "physical and functional settings that inspire learning, co-operation and new ideas".

Property market

Economic trends

The Danish economy approached the end of the economic boom in 2007 with a further drop in unemployment, while economic growth slowed down following strong trends in 2005 and 2006.

Euro-zone growth remained quite strong, and persistent inflationary pressure caused additional interest rate increases in 2007. The financial turbulence that hit the markets in the second half of 2007 nevertheless put a lid on the rise in interest rates.

Having kept its key lending rate unchanged for more than a year, the Federal Reserve, the US central bank, lowered interest rates in two rounds by a total of 0.5 percentage point.

The European Central Bank, the ECB, hiked interest rates in March and June by a total of 0.5 percentage point to 4%. The rate cuts in the USA kept the ECB from effecting further rate hikes. Denmark's Nationalbank, the Danish central bank, emulated the ECB rate hikes, and the key lending rate in Denmark also rose by 0.5 percentage point to 4.25%.

Danish bond yields thus rose further in 2007, and short-term interest rates posted the biggest increase. The movement caused some refinancing activity away from fixed-rate 4% loans with a view to reducing the outstanding debt.

Property prices and sales

The declining activity in the housing market towards the end of 2006 continued into 2007, when the slowdown became more noticeable and widespread. The housing market boom of the preceding years was replaced by a low level of activity and modest price increases.

Effective rate of interest

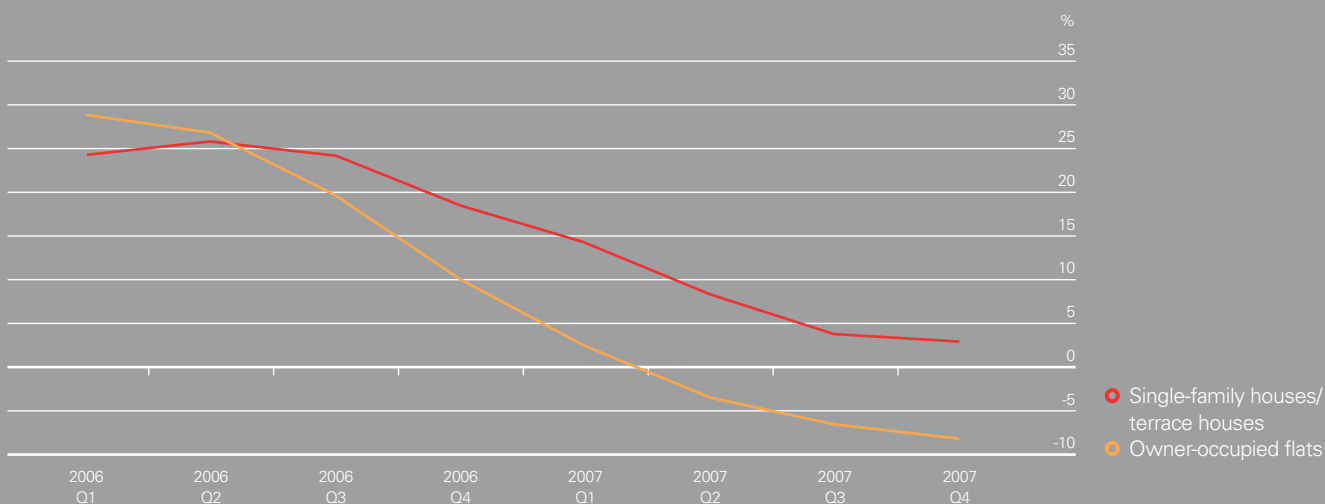
%	Dec. 31, 2007	Dec. 31, 2006
FlexLån® F1	4.7	4.2
4% 30-year fixed-rate loan	5.2	4.8
6% 30-year fixed-rate loan	6.3	-
Rentedyk™	6.6	-
FlexGaranti® 5M	5.4	4.5
RD Cibor6®	4.9	4.0

Prices of owner-occupied dwellings remained roughly unchanged at national level, but certain areas, especially the cities of Copenhagen and Aarhus, saw a decline. Owner-occupied flats recorded the biggest slowdown with a price drop at national level, primarily as a result of the trend in Copenhagen and Aarhus.

The slowdown also hit the market for residential rental property. Office and retail property continued to rise steadily in price, as did agricultural property, which benefited from the continued rise in land prices.

There was a further drop in trading activity for owner-occupied dwellings in 2007. Owner-occupied flats recorded the sharpest decline in trading activity. The low volume of sales caused a record-high number of homes for sale in the market.

Annual growth rates of property prices



Lending

Mortgage credit market

Total gross lending in the Danish mortgage credit market fell from 2006 to 2007 by 3% to DKr457bn. The decline in gross lending was due to the lower housing market activity, although this was to some extent offset by an increase in lending in the corporate market.

Total lending

Gross lending by Realkredit Danmark fell 18% to DKr119bn in 2007 from DKr145bn in 2006. Net new lending fell 13% to DKr56bn in 2007 from DKr64bn in 2006.

Mortgage lending measured at fair value rose DKr25bn to DKr628bn in 2007. The fair value is composed of the nominal outstanding bond debt, value adjustments and impairment charges. The outstanding nominal bond debt increased DKr39bn. The private market accounted for 54% of the portfolio increase during the year and for 62% of the portfolio at the end of the year.

The market share of net new lending fell from 28.7% in 2006 to 25.1% in 2007. The decline was due to the fact that, in 2007, with an outlook for rising interest rates, Realkredit Danmark was more reluctant than other institutions to recommend refinancing of 4% loans. As a result, Realkredit Danmark experienced lower refinancing activity and related supplementary borrowing. The market share of the loan portfolio was 31.8% at the end of 2007, compared with 32.8% at year-end 2006.

Lending broken down by loan types is illustrated in the table on page 9. Loans which protect the borrower against rising

interest rates – fixed-rate loans or FlexGaranti® – represented a rising share of the loan portfolio, while FlexLån® represented a lower share. The decline for FlexLån® reflects a growing wish among borrowers to protect themselves against rising interest rates.

In the corporate market, floating-rate loans without protection against rising interest rates remain the loan type that attracts the greatest demand.

The new loan type, RenteDyk™, was launched on October 1, 2007, and payments commenced according to plan in December. Accordingly, only a limited volume of these loans were granted in 2007, but the product is expected to gradually win market shares in 2008 among loans offering protection against rising interest rates.

For all loan types, interest-only loans accounted for 32% of the portfolio of loans at the end of 2007, against 28% at the beginning of the year.

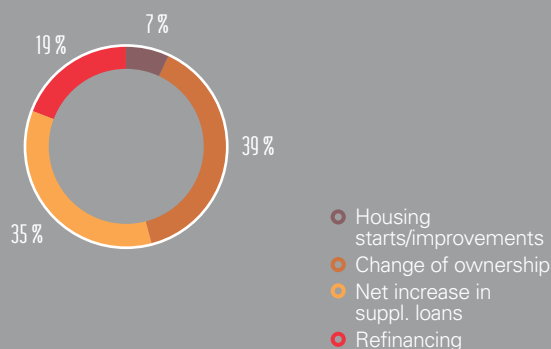
Private market

The private market, which consists of loans for owner-occupied housing and holiday homes, represented 62% of Realkredit Danmark's total loan portfolio.

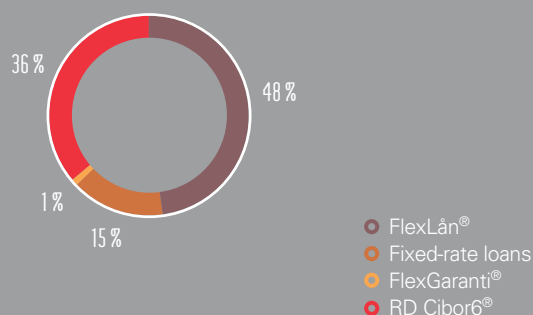
Gross lending fell 26% to DKr72bn in 2007 from DKr97bn in 2006. The loan portfolio was up 6% to DKr399bn.

The market share of the loan portfolio was 32.7% at the end of 2007, against 33.7% at the beginning of the year.

Private market: Purpose of gross lending in 2007



Corporate market: Gross Lending - loan types in 2007



Activities and portfolio	Gross lending		Net new lending		Loan portfolio			
	2007	2006	2007	2006	Dec. 31, 2007		Dec. 31, 2006	
	DKr m	DKr m	DKr m	DKr m	DKr m	%	DKr m	%
Private market	71,641	97,253	28,869	40,055	398,779	62	377,726	62
Urban trade	20,842	20,106	10,704	7,129	79,828	12	72,178	12
Agriculture	11,710	10,211	7,402	5,787	45,149	6	38,377	6
Residential rental property	15,162	17,190	8,575	11,012	124,478	20	120,661	20
Total corporate market	47,714	47,507	26,681	23,928	249,455	38	231,216	38
Total (nominal value)	119,355	144,760	55,550	63,983	648,234	100	608,942	100

Market share	Gross lending		Net new lending		Loan portfolio	
	2007	2006	2007	2006	Dec. 31, 2007	Dec. 31, 2007
%						
Private market	26.1	29.9	24.2	28.6	32.7	33.7
Corporate market	24.5	29.3	26.2	28.9	30.6	31.3
Total	25.4	29.7	25.1	28.7	31.8	32.8

Lending broken down by loan type	Share of gross lending		Share of loan portfolio	
	2007	2006	Dec. 31, 2007	Dec. 31, 2007
%				
FlexLån®	34	38	39	42
Fixed-rate loans	44	41	46	44
FlexGaranti® og RenteDyk™	7	14	10	11
RD Cibor6®	15	7	5	3
Total	100	100	100	100

The chart shows 2007 gross lending to the private market distributed by loan purpose. Cases involving change of ownership and supplementary borrowing represented the bulk of gross lending with shares of 38.5% and 35.4% respectively. In terms of Danish kroner, loans for supplementary borrowing and change of ownership were lower than in 2006. The same applied to lending for refinancing.

For all loan types, interest-only loans accounted for 44% of the portfolio of loans to the private market at the end of 2007. At the beginning of the year, their share was 39%.

Corporate market

The corporate market consists of urban trade, agriculture and residential rental property. After a relatively quiet start to the year, lending activity in 2007 reached the levels achieved in 2006 as fourth-quarter lending activity equalled the first three

quarters of the year combined. The continuing positive outlook for the Danish economy spurred persistent demand for investment in the corporate property market. However, growth in new developments started to decline at the end of the year.

In connection with the refinancing of FlexLån® at the turn of the year, most of the corporate customers opted to hold on to their floating-rate loans.

Floating-rate loans remained the preferred loan type among corporate customers, and the share of fixed-rate loans fell to 16% of total gross lending in 2007, against 18% the year before.

Gross lending to corporate customers amounted to DKr48bn in 2007, which was on a level with 2006. At the same time, the loan portfolio rose by DKr18bn. The agriculture segment achieved the relatively largest increase in gross lending.

The market share of the loan portfolio was 30.6% at the end of 2007, against 31.3% at the beginning of the year.

For all loan types, interest-only loans accounted for 14% of the portfolio of loans to the corporate market at the end of 2007. At the beginning of the year, their share was 9%.

Urban trade

Gross lending to urban trade was up 4% to Dkr21bn in 2007. The loan portfolio was up 11% to Dkr80bn.

Great demand for prime location office buildings and especially for corporate headquarters helped to ensure continuing strong construction activity in office and retail property in 2007. New developments concentrated around the development areas in the major cities and near traffic hubs. The low level of vacant leases in the major cities spurred continuing renovation of existing property.

The launch of the loan type Cibor6® Extra in May caused an increase in demand for and growth in lending for property in the manufacturing and manual industries and property for social and cultural purposes based on mortgage bonds. In July 2007, Realkredit Danmark opened up for issuance of mortgage-covered bonds. Due to the increase in lending limit from 60% to 70%, this new issuance gave rise to larger lending for office and retail property.

The launch of RD Euribor3™, a floating-rate bond loan based on the 3-month Euribor rate, also had a positive impact on growth in the portfolio of loans to urban trade.

Agriculture

Gross lending to agriculture was down 15% to Dkr12bn in 2007. The loan portfolio was up 18% to Dkr45bn.

Realkredit Danmark has opted to focus on agricultural production farms, which due to structural changes involve the most intensive investment activity.

The structural changes in agriculture continued, but new rules on environmental approvals caused delays of investment projects in some situations.

The launch of mortgage-covered bonds eliminated the possibility of financing rolling stock. However, this only had a small impact because rolling stock typically represent a marginal share of a property's overall value.

There was heavy demand for RD Euribor3™ among farmers.

Residential rental property

Gross lending to subsidised housing, co-operative housing and private residential rental property was down 12% to Dkr15bn in 2007. The combined loan portfolio was up 3% to Dkr124bn.

Lending to subsidised rental property fell by 2% in 2007 to Dkr68bn in a highly competitive market.

Private residential rental property and co-operative housing experienced a 9% increase in the loan portfolio to Dkr57bn at the end of 2007. Loans for property improvements and to establish co-operatives in the existing stock still accounted for the bulk of lending.

However, the market value of co-operative housing society properties did not match the surge in publicly assessed values in 2007. In addition, the rising level of interest rates caused an increase in housing expenses. A large number of housing co-operatives were cancelled in 2007 and changed into owner-occupied dwellings or private residential rental property.

Funding

Funding and bond issuance

Realkredit Danmark funds its lending to borrowers by issuing bonds. During 2007, Realkredit Danmark switched from issuing mortgage bonds to issuing primarily mortgage-covered bonds. The mortgage bonds and the mortgage-covered bonds are listed on OMX Nordic Exchange Copenhagen.

Issued bonds are carried in the accounts at their fair value after deduction of own holdings. The following text and charts are based on nominal values before set-off, as these reflect the actual volume of bonds issued and listed on OMX Nordic Exchange Copenhagen.

Bonds issued in 2007

In 2007, Realkredit Danmark issued bonds worth a total of Dkr249bn, which was 11% less than in 2006. The decline reflects the generally lower level of activity in the mortgage market.

Non-callable bonds issued to fund FlexLån[®] accounted for Dkr169bn, of which bonds worth Dkr124bn were issued in connection with refinancing in December 2007. Moreover, Dkr68bn worth of bonds was issued to fund fixed-rate, callable loans, and bonds worth Dkr12bn were issued to fund floating rate loans, primarily FlexGaranti[®].

Of callable fixed-rate bonds issued in 2007, 52% had a coupon of 5%. Of these, Dkr30bn related to 30-year bonds with or without an interest-only option.

The market remained well-functioning despite the global financial turbulence.

Transition from mortgage bonds to mortgage-covered bonds

The Danish legislation on covered bonds took effect on July 1, 2007, and means that mortgage bonds issued after January 1, 2008 will achieve a risk weighting with certain investors that is higher than that of covered bonds and mortgage-covered bonds. Mortgage bonds issued before January 1, 2008, will have the same risk weighting as covered bonds and mortgage-covered bonds, provided that issuance was discontinued before January 1, 2008.

As a result of this, the mortgage credit institutions closed for issues in mortgage bond series during 2007 in order to open new covered bond or mortgage-covered bond series or continue mortgage bonds issues in new series.

Realkredit Danmark was the first mortgage credit institution to start issuing mortgage-covered bonds on July 13. As a result of this, all FlexLån[®] from this date onwards were based on mortgage-covered bonds instead of mortgage bonds, except for segments subject to special legislation. At the same time, a new capital centre was opened for the issuance

of mortgage-covered bonds: Realkredit Danmark A/S Capital Center S.

On December 6, 2007, Realkredit Danmark opened all other bonds in mortgage-covered bond series, and ID codes in old mortgage bonds were closed for issuance on December 31, 2007, thereby moving forward the change of maturity group. The new loans and bonds under the covered bond legislation share the same characteristics as the corresponding loans and mortgage bonds.

Realkredit Danmark started offering two new loan types as of October 1, 2007: RenteDyk[™] and RD Euribor3[™], both funded through the issuance of mortgage-covered bonds.

RenteDyk[™] is a floating-rate bond loan with a term to maturity of up to 30 years with a ratchet coupon that can never go up – only down. RenteDyk[™] is available in both Danish kroner and euro, and with the option of up to 10 years of interest-only payments.

RenteDyk[™] is attractive for customers who value safety while at the same time being able to automatically benefit from falling interest rates without paying any refinancing costs and suffering a capital loss.

The other new product, RD Euribor3[™], aimed at the corporate market, is offered with terms of up to 35 years. Loans are offered as annuity loans with the option of up to 10 years of interest-only payments and as bullet loans. RD Euribor3[™] is funded through floating-rate non-callable bonds. In the period from launch until the end of 2007, bonds worth a total of Dkr2.4bn were issued to fund RD Euribor3[™] and RenteDyk[™].

Annual refinancing

At the December 2007 auction of bonds to refinance FlexLån[®] on January 1, 2008, Realkredit Danmark sold non-callable bonds worth Dkr124bn as compared with Dkr123bn at the auction in December 2006.

As a result of the large refinancing amount, the auction was completed over the course of six business days, from Friday, December 7, to Friday, December 14, 2007. The refinancing auctions generated a very satisfactory oversubscription rate.

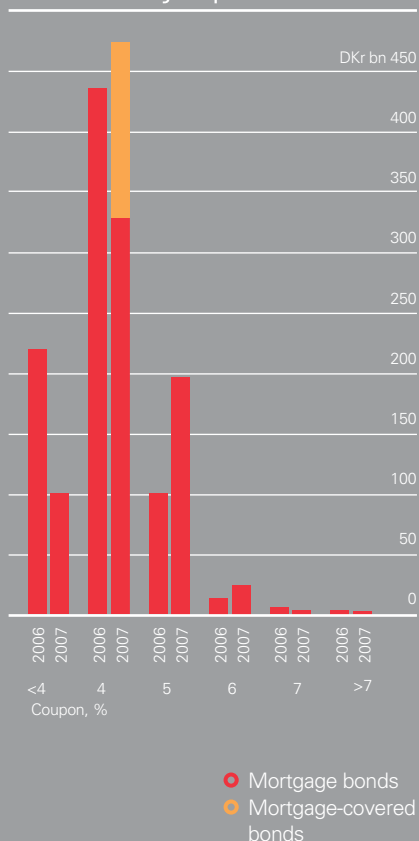
Bonds issued at end-2007

At end-2007, Realkredit Danmark had issued mortgage bonds for a total amount of Dkr652bn and mortgage-covered bonds worth Dkr148bn, of which Dkr124bn was for refinancing.

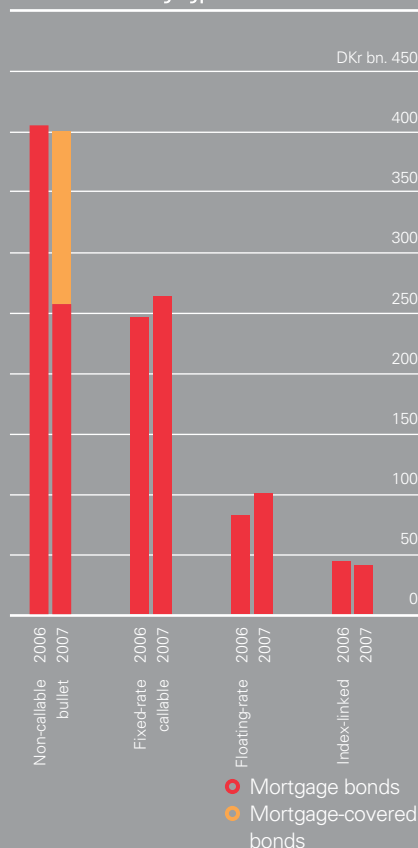
At the end of 2007, bonds with a coupon of 4% accounted for 59% of bonds in circulation. A total of 72% of bonds issued had a coupon of 4% or less.

At 50% at end-2007 (53% the year before), non-callable bullet bonds issued to fund FlexLån[®] continued to account for the largest part of the bond portfolio.

Bonds issued as at Dec. 31,
broken down by coupon



Bonds issued as at Dec. 31,
broken down by type



Not including the brief double funding in relation to Flex-Lån® at year-end, the proportions of non-callable bullet bonds were 40%, fixed-rate callable bonds 39%, floating rate bonds issued to fund FlexGaranti®, RD Cigor6®, RD Cigor6Extra®, RD Euribor3™ and RenteDyk™ 15% and index-linked bonds 6%.

Euro-denominated bonds accounted for 11% of total issues in 2007, and at year-end, 6% of the bonds in circulation were denominated in euros.

Rating

All new bonds issued by Realkredit Danmark carry Aaa and AAA ratings, which are the highest possible ratings awarded by the credit rating agencies Moody's Investors Service and Standard & Poor's.

The ratings of Moody's as well as of Standard & Poor's apply to 96% of all bonds issued by Realkredit Danmark.

Capital management

Capital management

From 2007, new rules were introduced for the minimum capital of mortgage credit institutions, the capital requirements directive (CRD), which gives financial institutions a choice between different methods for calculating their capital requirements.

In 2007, the Realkredit Danmark Group was granted permission by the Danish FSA to apply the advanced internal ratings-based (IRB) approach to calculate risk-weighted assets concerning credit risks, and as from January 1, 2008, the Group applies the new calculation methods.

Capital management is based on the Group's assessment of solvency requirements under the CRD, capital requirements for large exposures and the issuance of mortgage-covered bonds and the ambition to maintain a AAA rating for issued bonds.

Capital requirements and CRD

The CRD consists of three pillars. Pillar I contains a set of rules for a mathematical calculation of the capital requirement. Pillar II describes the supervisory review process and contains requirements on the internal calculation of the capital requirement. Pillar III deals with market discipline and sets forth disclosure requirements for risk and capital management. The sum of the capital requirement calculated under Pillar I and any additional requirement identified under Pillar II represents the total capital required under the CRD.

The Pillar I requirement is calculated using formulas defined in the CRD based on parameters from Realkredit Danmark's in-house risk models. The calculation is based on the probability of customers defaulting on their payment obligations, expected losses in case of default and the size of the loan facility at default.

Pillar II specifies the framework for the supervisory review process, and sets a framework for further capital requirements based on the situation and characteristics of the individual credit institution. Pillar II comprises risk not defined under Pillar I, e.g. concentration and residual risk. Other than this, under Pillar II the Danish FSA may impose an extra capital requirement on a credit institution if it considers that the methods used to calculate the Pillar I capital requirement fail to comply with the requirements that must be fulfilled when calculating according to the advanced approach.

During the transition phase, a ceiling applies to the size of the capital requirement that may be obtained relative to the

capital requirement under the old rules. In 2008, the capital reduction is capped at 10%, rising to 20% in 2009, after which time the limits are cancelled as the rules become fully implemented in 2010.

Customer classification – PD

The Probability of Default (PD) is calculated for all customers using in-house classification models.

In 2007, Realkredit Danmark continued its efforts to refine these classification models. At the same time, the models have been incorporated into systems that combine the reliability requirement with considerations for a dynamic solution that allows for flexible fine-tuning of the models as the need arises.

Backtests are performed regularly in order to identify any need to adjust the models.

Loss given default – LGD

For several years, Realkredit Danmark has applied a sophisticated model to calculate the expected loss if a customer is in default – LGD (Loss Given Default). Building on 15 years of historical losses, the model calculates LGD based on the market value of the properties that represent the collateral for the loans and on estimates of a number of haircuts and fixed and variable costs that will be associated with any forced sale of the properties.

The market value of properties in the private market is calculated using Realkredit Danmark's property valuation model.

Because they are secured on the mortgaged properties, the LGD for a mortgage loan is typically very low. The average LGD is lowest for residential property and highest for industrial property as the former type of property is typically easier to sell without any major loss of value if the customer defaults.

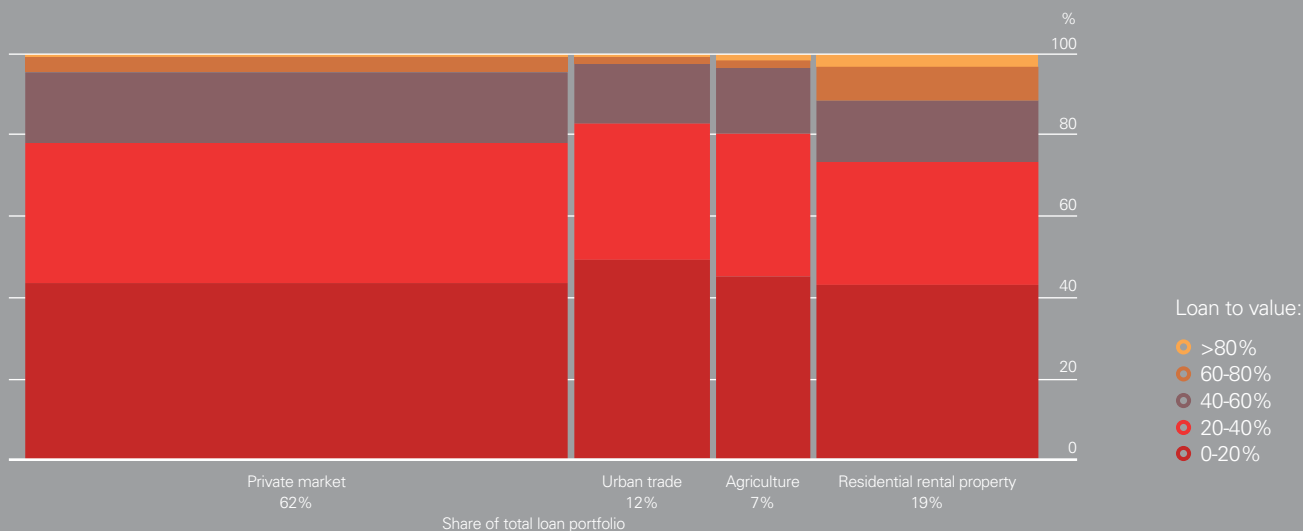
82% of Realkredit Danmark's lending is for the residential property segment – with 62% for owner-occupied dwellings and 20% for residential rental property.

Furthermore, Realkredit Danmark's losses from customers in default is reduced by the fact that most of the loans for owner-occupied dwellings are partly covered by a loss guarantee provided by Danske Bank.

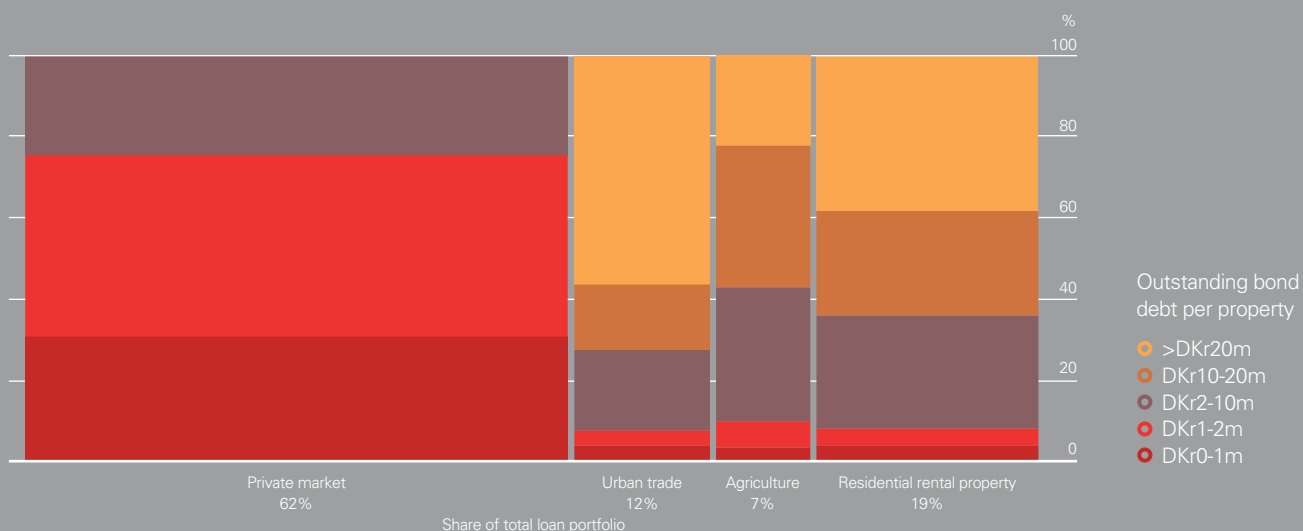
Loss guarantees, which cover the top end of the guaranteed loans, amounted to DKr42bn as at December 31, 2007.

The key factors in terms of the size of the loss, given default, is the size of the loan and the ranking of the mortgage. This is referred to as LTV (Loan to Value).

Loan portfolio broken down by loan-to-value ratios as at Dec. 31, 2007



Loan portfolio broken down by outstanding bond debt as at Dec. 31, 2007



Breakdown of loan portfolio

One method of calculating the LTV ratio is to break down the total amount of loans secured on each property by seniority in debt ranking. As illustrated in the chart, a breakdown using this method shows that 76% of the total loan portfolio is

secured within 40% of the value of the properties, and 93% of the loans within 60% of the value. The width of the columns indicates the portion of the total portfolio represented by each segment.

Income statement

January 1 - December 31

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
4	Interest income	30,115	25,047	30,104	25,042
5	Interest expense	25,565	21,413	25,565	21,413
	Net interest income	4,550	3,634	4,539	3,629
	Dividends from shares	15	13	15	11
	Fee and commission income	459	591	459	591
	Fee and commission expense	799	824	799	824
3	Net fee and commission income	4,225	3,414	4,214	3,407
3, 6	Value adjustments	235	545	235	549
	Other operating income	160	324	-1	128
7-9	Staff costs and administrative expenses	1,184	1,162	1,089	1,163
	Impairment, amortisation and depreciation	10	9	7	6
	Credit loss expenses	-10	-105	-10	-105
	Income from associated and subsidiary undertakings	10	-	47	45
	Profit before tax	3,446	3,217	3,409	3,065
10	Tax	854	861	837	811
	Net profit for the year	2,592	2,356	2,572	2,254
	Proposal for allocation of profits				
	Reserve according to the equity method			33	-
	Reserves in series			148	104
	Other reserves			2,391	2,150
	Total allocation			2,572	2,254

Balance sheet

at December 31

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
	ASSETS				
	Cash in hand and demand deposits with central banks	25	7	25	7
11	Due from credit institutions and central banks	23,153	18,547	22,956	18,383
12	Bonds at fair value	39,987	39,448	39,987	39,448
13-14, 17	Mortgage loans at fair value	627,809	602,584	627,809	602,584
13, 15-17	Loans and other amounts due at amortised cost	333	436	294	403
	Shares	62	105	62	105
18	Holdings in associated undertakings	10	-	10	-
	Holdings in subsidiary undertakings	-	-	285	248
	Land and buildings	124	125	185	180
19	Domicile property	124	125	185	180
20	Other tangible assets	17	17	14	14
21	Deferred tax assets	28	67	55	90
17, 22-23	Other assets	2,643	1,926	2,423	1,725
	Prepayments	12	15	11	14
	Total assets	694,203	663,277	694,116	663,201
	LIABILITIES AND EQUITY				
	AMOUNTS DUE				
24	Due to credit institutions and central banks	11,918	5,267	11,918	5,267
25	Issued mortgage bonds at fair value	630,844	610,761	630,844	610,761
	Current tax liabilities	4	28	4	24
26, 27	Other liabilities	15,671	13,971	15,389	13,600
	Deferred income	8	84	8	84
	Total amounts due	658,445	630,111	658,163	629,736
	PROVISIONS FOR LIABILITIES				
27	Reserves in early series subject to a reimbursement obligation	-	-	268	358
	Total liabilities	658,445	630,111	658,431	630,094
	SHAREHOLDERS' EQUITY				
	Share capital	630	630	630	630
	Revaluation reserve	-	-	48	43
	Reserve according to the equity method	-	-	33	-
	Reserves in series	6,334	1,453	6,333	1,453
	Other reserves	28,794	31,083	28,641	30,981
	Total shareholders' equity	35,758	33,166	35,685	33,107
	Total liabilities and equity	694,203	663,277	694,116	663,201

Statement of capital

Realkredit Danmark Group

DKr m	Share capital	Reserves in series	Other reserves	Total
Shareholders' equity at January 1, 2007	630	1,453	31,083	33,166
Net profit for the year	-	149	2,443	2,592
Transferred from/to Other reserves	-	4,732	-4,732	-
Shareholders' equity at December 31, 2007	630	6,334	28,794	35,758
Shareholders' equity at January 1, 2006	630	1,640	28,540	30,810
Net profit for the year	-	104	2,252	2,356
Transferred from/to Other reserves	-	-291	291	-
Shareholders' equity at December 31, 2006	630	1,453	31,083	33,166

Realkredit Danmark A/S

	Share capital	Undistributable reserves	Other reserves	Total 2007	Total 2006
Shareholders' equity at January 1, 2007	630	1,496	30,981	33,107	30,831
Net profit for the year	-	148	2,391	2,539	2,254
Revaluation of properties	-	5	1	6	22
Reserve according to the equity method	-	33	-	33	-
Transferred from/to Other reserves	-	4,732	-4,732	-	-
Shareholders' equity at December 31, 2007	630	6,414	28,641	35,685	33,107

At December 31, 2007, the share capital was made up of 6,300,000 shares of Dkr100 each. All shares carry the same rights; there is thus only one class of shares. The company is a wholly-owned subsidiary of Danske Bank A/S.

Shareholders' equity at December 31, relative to core capital and capital base	Realkredit Danmark Group		Realkredit Danmark A/S	
	2007	2006	2007	2006
Shareholders' equity according to accounts	35,758	33,166	35,685	33,107
Domicile property	61	54	-	-
Pension obligations	-179	-157	-	-
Tax effect	45	44	-	-
Shareholders' equity as basis for solvency calculation	35,685	33,107	35,685	33,107
Revaluation reserve	-48	-43	-48	-43
Deferred tax assets	-73	-111	-55	-90
Core (tier 1) capital less statutory deductions	35,564	32,953	35,582	32,974
Reserves in series subject to a reimbursement obligation	106	133	106	133
Revaluation reserve	48	43	48	43
Capital base less statutory deductions	35,718	33,129	35,736	33,150
Risk-weighted items:				
Not included in trading portfolio	335,030	318,733	335,183	318,858
With market risk included in trading portfolio	4,798	5,525	4,798	5,525
Total risk-weighted items	339,828	324,258	339,981	324,383
Core (tier 1) capital ratio, %	10.47	10.16	10.47	10.17
Solvency ratio, %	10.51	10.22	10.51	10.22
Minimum capital requirement, 8% of risk-weighted assets	27,186	25,941	27,198	25,951

Cash flow statement

January 1 - December 31

	Realkredit Danmark Group	
DKr m	2007	2006
Cash flow from operating activities		
Profit before tax	3,446	3,217
Adjustment for non-liquid items in the income statement:		
Impairment, amortisation and depreciation	10	9
Credit loss expenses	11	-47
Other non-cash items	-39	-30
Tax paid	-836	-781
Total	2,592	2,368
Cash flow from operating capital:		
Bonds and shares	-491	-3,483
Mortgage loans	-39,298	-45,826
Issued mortgage bonds	34,251	86,815
Due to credit institutions	6,651	-40,123
Other assets/liabilities	919	1,134
Cash flow from operating activities	4,624	885
Cash flow from investing activities		
Acquisition of tangible assets	-1	-7
Sale of tangible assets	1	733
Cash flow from investing activities	-	726
Cash flow from financing activities		
Dividends	-	-
Cash flow from financing activities	-	-
Cash and cash equivalents at January 1	18,554	16,943
Change during the year	4,624	1,611
Cash and cash equivalents at December 31	23,178	18,554
Cash and cash equivalents at December 31		
Cash in hand and demand deposits with central banks	25	7
Deposits with credit institutions and central banks with terms shorter than 3 months	23,153	18,547
Total	23,178	18,554

1 SIGNIFICANT ACCOUNTING POLICIES

General

Realkredit Danmark presents its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU and with relevant interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC). Furthermore, the consolidated accounts comply with the requirements formulated by the Copenhagen Stock Exchange and the Danish FSA for annual reports of issuers of listed bonds.

The accounting policies are unchanged from the policies applied in the Annual Report for 2006.

Critical accounting policies

The preparation of the consolidated accounts is based on a number of estimates and assessments of future events that will significantly affect the carrying amounts of assets and liabilities. The amounts most influenced by vital estimates are impairment charges in relation to lending.

The estimates and assessments are based on assumptions that the management finds reasonable, but which are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate, and unexpected future events or situations may occur. Therefore, such estimates and assumptions are difficult to make and will always entail uncertainty, even under stable macroeconomic conditions, when they involve transactions with customers and other counterparties.

Consolidation

Subsidiary undertakings

The consolidated accounts comprise Realkredit Danmark A/S and subsidiary undertakings in which the Group has control over financial and operating policy decisions. Control is said to exist if Realkredit Danmark A/S, directly or indirectly, holds more than half of the voting rights in an undertaking or otherwise has power to control management and operating policy decisions, provided that most of the return on the undertaking accrues to the Group and that the Group assumes most of the risk.

The consolidated accounts are prepared by consolidating items of the same nature and eliminating intra-group transactions, accounts and trading profits and losses.

Undertakings acquired are included in the accounts at the time of acquisition. Divested undertakings are included in the accounts until the transfer date.

The net assets of such undertakings, that is, assets, including identifiable intangible assets, less liabilities and contingent

liabilities, are included in the accounts at their fair value on the date of acquisition using the purchase method.

Associated undertakings

Associated undertakings are businesses, other than subsidiary undertakings, in which the Group has holdings and significant influence but not control. The Group generally classifies undertakings as associated undertakings, if Realkredit Danmark A/S, directly or indirectly, holds 20-50% of the voting rights.

Holdings are recognised at cost at the time of acquisition and are subsequently presented according to the equity method. The proportionate share of the net profit or loss of the individual undertaking is carried under Income from associated undertakings based on data from accounts with balance sheet dates not earlier than three months before the balance sheet date of the Group.

Segment reporting

Realkredit Danmark has only one segment, mortgage finance, and therefore no segment reporting.

Offsetting

Amounts due to and from the Group are offset when the Group has a legally enforceable right to set off a recognised amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Holdings of own bonds do not constitute a claim on a counterparty, but reduce the Group's liability under the issued bonds. Holdings of own mortgage bonds are therefore set off against the liability item Issued mortgage bonds at fair value.

Translation of transactions in foreign currencies

The presentation currency of the consolidated accounts is Danish kroner, which is the functional currency of Realkredit Danmark.

Transactions in foreign currency are translated at the exchange rate of the functional currency at the transaction date. Gains and losses on exchange differences arising between the transaction date and the settlement date are recognised in the income statement.

Monetary assets and liabilities in foreign currency are translated at the exchange rates prevailing at the balance sheet date. Exchange rate adjustments of monetary assets and liabilities arising as a result of differences in the exchange rates applying at the transaction date and at the balance sheet date are recognised in the income statement.

Non-monetary assets and liabilities in foreign currency that are subsequently revalued at fair value are translated at the exchange rates applying at the date of revaluation. Exchange rate adjustments are included in the revaluation of the fair value of an asset or liability. Other non-monetary items in foreign currency are translated at the exchange rates applying at the date of transaction.

Financial instruments - general

Purchases and sales of financial instruments are measured at their fair value as at the settlement date, which is usually the same as the transaction price. Before the settlement date, changes in the value of financial instruments are recognised.

Classification

At the time of recognition, financial assets are divided into the following categories:

- securities measured at fair value;
- mortgage loans designated at fair value with value adjustment through profit and loss
- loans measured at amortised cost

Issued mortgage bonds designated at fair value with value adjustment through profit and loss are recognised under financial liabilities.

Fair value option - mortgage loans and issued mortgage bonds designated at fair value with value adjustment through profit and loss

Mortgage loans granted under Danish mortgage finance law are funded by issuing listed mortgage bonds on identical terms. Borrowers may repay such mortgage loans by delivering the underlying bonds.

Realkredit Danmark buys and sells own mortgage bonds on an ongoing basis because these securities play an important role in the Danish financial market. If mortgage loans and issued mortgage bonds were valued at amortised cost, the purchase and sale of own mortgage bonds would mean that significant timing differences in profit and loss recognition would occur: the purchase price of the mortgage bond portfolio would not equal the amortised cost of the issued bonds. Moreover, elimination would result in recognition of an arbitrary effect on profit and loss, which it would require excessive resources to calculate. If the Group subsequently decided to sell its holding of own mortgage bonds, the new amortised cost of this "new issue" would not equal the amortised cost of the matching mortgage loans, and the difference would be amortised over the remaining term to maturity.

Consequently, the Group has chosen to recognise both mortgage loans and issued mortgage bonds at fair value in accordance with the option offered by IAS 39 to ensure that neither profit nor loss will occur on the purchase of own mortgage bonds.

The fair value of mortgage loans is based on the fair value of the underlying mortgage bonds adjusted for the credit risk on borrowers. The fair value adjustment of mortgage loans largely equals the fair value adjustment of the mortgage bonds issued.

The fair value adjustment of mortgage loans and issued mortgage bonds is carried under Value adjustments, except for the part of the value adjustment that concerns the credit risk on mortgage loans which is carried under Credit loss expenses.

BALANCE SHEET

Bonds at fair value

Bonds acquired with a view to resale in the short term are considered to constitute a trading portfolio and are measured at first-time recognition at fair value exclusive of transaction costs and at subsequent recognition at fair value with value adjustment over profit and loss.

If an active market exists, value measurement is based on the last observed market price at the balance sheet date. If an active market does not exist, generally accepted valuation techniques are used instead, including discounted cash flow analysis and other known valuation methods based on market input.

Mortgage lending and issued mortgage bonds

At first-time recognition, mortgage loans and issued mortgage bonds are measured at fair value, exclusive of transaction costs. Such assets are subsequently measured at fair value.

The fair value of the issued mortgage bonds will usually equal the market value. However, a small part of the issued bonds are illiquid, and the fair value of these bonds is calculated on the basis of a discounted cash flow valuation model.

The fair value of mortgage loans is based on the fair value of the underlying mortgage bonds adjusted for the credit risk on the borrowers.

Impairment

If objective evidence of impairment of a loan exists, and the effect of the impairment event or events on the cash flow from the asset is reliably measurable, the impairment loss is determined individually. The charge equals the difference between the carrying amount and the present value of the expected future cash flow of the asset, including the realisation value

of the mortgages on the properties in question and any other security.

Objective evidence of impairment of loans exists if at least one of the following events has occurred:

- the borrower is experiencing significant financial difficulty
- the borrower's actions, such as default on interest or principal payments, lead to a breach of contract
- the Group, for reasons relating to the borrower's financial difficulty, grants to the borrower a concession that Realkredit Danmark would not otherwise have granted, or
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

Loans without objective evidence of impairment are considered in an assessment of collective impairment at portfolio level. Collective impairments are calculated for groups of loans with similar credit risk characteristics.

Impairment charges on loans are offset against Mortgage loans at fair value. Changes in impairment charges are recorded under Credit loss expenses in the income statement. If subsequent events show that the impairment is not of a permanent nature, the charge is reversed via Credit loss expenses.

Where the Group temporarily takes over a mortgaged property through compulsory sale in order to limit its loss on the loan, the loss is considered to have been finally realised at the time of takeover of the property.

Due from credit institutions and central banks and Loans and other amounts due at amortised cost

Amounts due from credit institutions and central banks include amounts due from other credit institutions and time deposits with central banks. Reverse transactions, that is, purchases of securities to be resold at a later date, are recognised as amounts due from credit institutions and central banks.

Loans and other amounts due carried at amortised cost consist of mortgage payments due and other outlays relating to mortgage loans as well as claims against individual borrowers and reserve fund mortgages, etc.

Impairment of these claims and loans carried at amortised cost is made according to the same principles as described above for mortgage loans.

Domicile property

Domicile property is real property occupied by the Group's administrative departments, mortgage credit offices and the like. Real property with both domicile and investment property elements is allocated proportionally to the two categories if the elements are separately sellable. If that is not the case,

such real property is classified as domicile property, unless the Group occupies less than 10% of the total floorage.

Domicile property is valued at cost plus improvements and less depreciation and impairment charges. The straight-line depreciation of the property is based on the expected scrap value and an estimated useful life of 20 to 50 years.

Domicile property is tested for impairment if evidence of impairment exists, and the property is written down to its recoverable value, which is the higher of its fair value less costs to sell and its value in use.

Domicile property which, according to a publicly announced plan, is expected to be sold within twelve months is carried as an asset held for sale under Other assets.

Other tangible assets

Equipment, vehicles, furniture and leasehold improvements are recognised at cost less depreciation and impairment. Assets are depreciated over their expected useful lives, which are usually three years, using the straight-line method. Leasehold improvements are depreciated over the term of the lease, with a maximum of 10 years.

Other tangible assets are tested for impairment if evidence of impairment exists, and the asset is written down to its recoverable value, which is the higher of its fair value less costs to sell and its value in use.

Other assets

Other assets includes interest due and property taken over temporarily under non-performing loan agreements.

At first-time recognition, properties taken over temporarily in a compulsory sale are carried at their estimated net realisable value, that is, the sales price offered by the real estate agent less expected costs to sell. At subsequent recognition, properties taken over are carried at the lower of their cost price and net realisable value. Any impairment of properties taken over or loss incurred in connection with the sale thereof is carried under Staff costs and administrative expenses. Any gain on sales is carried under Other operating income.

Other assets also includes assets held for sale, that is, tangible assets, except investment property, which, according to a publicly announced plan, is expected to be sold within twelve months. At the time the assets are classified as held for sale, they are measured at the lower of their carrying amount and their net realisable value and are no longer depreciated.

Pension assets

The Group's pension obligations consist of both defined contribution and defined benefit plans for its staff. Under the defined

contribution plans, the Group pays regular contributions to insurance companies and other institutions. Such payments are expensed as they are earned by the staff, and the obligations under the plans are taken over by the insurance companies and other institutions as contributions are made.

Under the defined benefit plan maintained under Kreditforeningen Danmarks Pensionsafviklingskasse (pension fund), Realkredit Danmark A/S guarantees payment of a defined benefit from the time of retirement. The amounts payable are recognised on the basis of an actuarial assessment of the present value of expected benefits. The present value is calculated on the basis of the expected future trends in salaries and interest rates, time of retirement, mortality and other factors.

The fair value of pension assets less the present value of pension benefits is carried as a pension asset under Other assets on the balance sheet.

The difference between the expected trends in pension assets and benefits and the actual trends will result in actuarial gains or losses. Actuarial gains and losses that do not exceed the higher of 10% of the present value of benefits and 10% of the fair value of pension assets are not recognised in the income statement or on the balance sheet but form part of the corridor. If the accumulated actuarial gains and losses exceed both these threshold values, the excess amount is recognised in the income statement and in the net pension obligation or asset over the expected remaining period of service of the staff covered by the plan.

Amounts due to credit institutions and central banks

Amounts due to credit institutions and central banks include amounts received under repo transactions, that is, sales of securities to be repurchased at a later date.

Amounts due to credit institutions and central banks are measured at amortised cost.

Deferred tax

Deferred tax on all temporary differences between the tax base of the assets and liabilities and their carrying amounts is accounted for using the balance sheet liability method. Deferred tax is recognised on the balance sheet under Deferred tax assets or Provisions for deferred tax on the basis of current tax rates.

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to become current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Shareholders' equity

Proposed dividend

The Board of Directors' proposal for dividends for the year submitted to the general meeting is included as a separate reserve in shareholders' equity. The dividends are recognised as a liability when the general meeting has adopted the proposal.

INCOME STATEMENT

Interest

Interest income and expense include interest on financial instruments carried at fair value. Origination fees on mortgage loans carried at fair value are recognised as Interest income at origination.

Fees

Income from mortgage loans carried at fair value is recognised when the transaction is completed.

Value adjustments

Value adjustments comprise realised and unrealised capital gains and losses on bonds at fair value, mortgage loans, issued mortgage bonds and fixed-price agreements as well as exchange rate adjustments.

Staff costs and administrative expenses

Staff costs

Salaries and other consideration expected to be paid for work carried out during the year are expensed under Staff costs and administrative expenses. This item comprises salaries, bonuses, expenses for share-based payment, holiday allowances, jubilee bonuses, pension costs and other consideration.

Bonuses and share-based payment

Bonuses are expensed as they are earned. Part of the bonuses for the year is paid in the form of share options with delivery and conditional shares issued by Danske Bank. Share options may not be exercised until three years after allotment and are conditional on the employee not having resigned from the Group within a three-year period. Conditional shares become available three years after allotment provided that the employee has not resigned from the Group.

The fair value of share-based payment at the time of allotment is expensed over the period of service unconditionally entitling the employee to the payment. The intrinsic value of the allotment is expensed in the year when entitlement is earned, whereas the time value is accrued over the remaining service period. Expenses are set off against shareholders' equity.

The increase in shareholders' equity is eliminated by set-off against an interim account with Danske Bank A/S. Subsequent changes to the fair value are not carried in the income statement.

Pensions

The Group's contributions to defined contribution plans are recognised in the income statement as they are earned by the staff. The Group applies the corridor method to defined benefit plans, and the income statement thus includes actuarial pension expenses (standard cost).

Credit loss expenses

Credit loss expenses include the fair value adjustment of the credit risk on mortgage loans as well as losses on and impairment charges for other loans and amounts due.

Tax

Calculated current and deferred tax on the profit for the year and subsequent adjustments of tax charges for previous years are recognised in the income statement. Tax on items recognised in shareholders' equity is charged directly.

Cash flow statement

The Group has prepared its cash flow statement using the indirect method. The statement is based on the pre-tax profit for the year and shows the cash flows from operating, investing and financing activities and the increase/decrease in cash and cash equivalents during the year.

Cash and cash equivalents consist of cash in hand and demand deposits with central banks and amounts due from credit institutions and central banks with original maturities shorter than three months.

Standards and interpretations not yet in force

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

None of these standards or interpretations is expected to materially affect Realkredit Danmark's financial reporting.

Accounting policies for the parent company

The accounts 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 finan-

cial 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.

Note DKr m

2 **Operating activity accounts**

Realkredit Danmark Group - 2007

	Mortgage finance	Own holdings	Total	Reclassi- fication	Highlights
Administration margin	2,833	-	2,833	-	2,833
Net interest income	1,740	-23	1,717	23	1,740
Net interest	4,573	-23	4,550	23	4,573
Dividends from shares	-	15	15	-15	-
Net fees	-340	-	-340	-	-340
Net trading income	-	-	-	237	237
Value adjustments	252	-17	235	-235	-
Other income	160	-	160	-	160
Total income	4,645	-25	4,620	10	4,630
Staff costs and administrative expenses	1,180	4	1,184	-	1,184
Impairment, amortisation and depreciation	10	-	10	-	10
Credit loss expenses	-10	-	-10	-	-10
Income from associated and subsidiary undertakings	-	10	10	-10	-
Profit before tax	3,465	-19	3,446	-	3,446

Realkredit Danmark Group - 2006

	Mortgage finance	Own holdings	Total	Reclassi- fication	Highlights
Administration margin	2,689	-	2,689	-	2,689
Net interest income	1,281	-336	945	336	1,281
Net interest	3,970	-336	3,634	336	3,970
Dividends from shares	-	13	13	-13	-
Net fees	-233	-	-233	-	-233
Net trading income	-	-	-	222	222
Value adjustments	214	331	545	-545	-
Other income	324	-	324	-	324
Total income	4,275	8	4,283	-	4,283
Staff costs and administrative expenses	1,158	4	1,162	-	1,162
Impairment, amortisation and depreciation	9	-	9	-	9
Credit loss expenses	-105	-	-105	-	-105
Income from associated and subsidiary undertakings	-	-	-	-	-
Profit before tax	3,213	4	3,217	-	3,217

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 to net trading income.

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
3	Geographical segmentation				
	For the Realkredit Danmark Group, interest on loans to non-Danish residents amounted to DKr9m (2006: DKr7m). The sum of Realkredit Danmark A/S's net interest and fee income and value adjustments on non-Danish loans is DKr0m.				
4	Interest income				
	Reverse repo transactions with credit institutions and central banks	375	306	375	306
	Due from credit institutions and central banks	77	68	69	65
	Loans and other amounts due	26,316	21,597	26,314	21,595
	Administration margin	2,833	2,689	2,833	2,689
	Bonds	386	263	386	263
	Derivatives:				
	Interest rate contracts	58	42	58	42
	Other interest income	70	82	69	82
	Total	30,115	25,047	30,104	25,042
	Interest income derived from:				
	Assets at fair value	30,031	24,968	30,030	24,968
	Other assets	84	79	74	74
	Total	30,115	25,047	30,104	25,042
5	Interest expense				
	Repo transactions with credit institutions and central banks	222	71	222	71
	Due to credit institutions and central banks	18	21	18	21
	Issued mortgage bonds	25,282	21,268	25,282	21,268
	Reimbursement of origination fees etc.	39	48	39	48
	Other interest expense	4	5	4	5
	Total	25,565	21,413	25,565	21,413
	Interest expense relates to:				
	Liabilities at fair value	25,543	21,387	25,543	21,387
	Other liabilities	22	26	22	26
	Total	25,565	21,413	25,565	21,413
6	Value adjustments				
	Mortgage loans	-11,862	-9,073	-11,862	-9,073
	Bonds	-24	-	-24	-
	Shares	32	3	32	7
	Foreign currency	9	5	9	5
	Derivatives	-106	32	-106	32
	Other assets	8	10	8	10
	Issued mortgage bonds	12,171	9,548	12,171	9,548
	Reserves in early series subject to a reimbursement obligation	7	20	7	20
	Total	235	545	235	549
	Value adjustments derived from:				
	Assets and liabilities at fair value	227	535	227	539
	Other assets and liabilities	8	10	8	10
	Total	235	545	235	549

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
7	Staff costs and administrative expenses				
	Salaries and remuneration of Executive Board, Board of Directors and local councils				
	Executive Board	6	7	6	7
	Board of Directors	-	-	-	-
	Local councils	4	4	4	4
	Total	10	11	10	11
	Staff costs				
	Salaries	349	357	327	338
	Share-based payment	2	3	2	3
	Pensions	43	32	62	146
	Financial services employer tax etc.	35	38	35	38
	Total	429	430	426	525
	Other administrative expenses	745	721	653	627
	Total staff costs and administrative expenses	1,184	1,162	1,089	1,163
	Number of full-time-equivalent staff (avg.)	676	746	639	711

The information below concerning the Board of Directors and the Executive Board also applies to the parent company.

	Realkredit Danmark Group	
	2007	2006
Remuneration of the Board of Directors (DKr thousands)		
Klaus Pedersen	125	125
Max Jeppesen (from December 1, 2007)	10	-
Margit Würtz (until December 1, 2007)	125	125
Total remuneration	260	250

Members of the Board of Directors who are employed by Danske Bank A/S do not receive remuneration.

Remuneration of the Executive Board 2007

	Sven Holm	Carsten Nøddebo Rasmussen
Fixed salary	2.8	1.4
Cash bonus	0.2	0.1
Pension	0.4	0.2
Share-based payment	0.7	0.4
Total	4.1	2.1

The amounts recognised as share-based payment will be translated into share options and conditional shares in the first quarter of 2008.

Remuneration of the Executive Board 2006

	Sven Holm	*Thomas Mitchell	Carsten Nøddebo Rasmussen
Fixed salary	2.8	1.3	0.1
Cash bonus	0.2	0.2	-
Pension	0.4	0.2	-
Share-based payment	0.9	0.7	-
Total	4.3	2.4	0.1

* Thomas Mitchell retired from the Executive Board at December 1, 2006, and at the same date Carsten Nøddebo Rasmussen replaced him as member of the Executive Board. Information on salary, bonuses, pensions and share-based payments is provided for the period until and after December 1, 2006, respectively.

Note DKr m

7 **Staff costs and administrative expenses**

cont'd

Pensions

Sven Holm, who has attained the age of 60, is entitled to retire with a life pension, which constitutes two thirds of his remuneration on retirement. The contributions made in 2007 amounted to DKr0.4m (2006: DKr0.4m). At end-2007, the pension obligation amounted to DKr40m (end-2006: DKr39m). The pension obligation is covered by payments to Kreditforeningen Danmarks Pensionsafvilkingskasse.

Realkredit Danmark A/S is obliged to pay any shortfall. The pension obligation has been actuarially calculated and is based on a number of assumptions. See note 23. The recognised amount cannot be considered as remuneration of or amounts due to Sven Holm. The changed pension obligation therefore cannot reasonably be added to the annual remuneration.

Carsten Nøddebo Rasmussen is entitled to retire at the end of the month in which he attains the age of 60. The pension obligation is covered by payments equal to 14% of his salary to a bank.

Termination

Sven Holm may terminate his service by giving six months' notice. Realkredit Danmark may terminate the service contract by giving 12 months' notice. Sven Holm is entitled to a life pension on termination.

Carsten Nøddebo Rasmussen may terminate his service by giving three months' notice. Realkredit Danmark may terminate the service contract by giving eight months' notice. In case of termination by Realkredit Danmark, Carsten Nøddebo Rasmussen is entitled to severance pay equal to 12 months' salary.

8 **Share-based payment**

Realkredit Danmark offers the Executive Board and selected senior managers and specialists an incentive programme set up by the Danske Bank Group for managers and certain other employees. The programme consists of share options and conditional shares. Incentive payments reflect individual performance and also depend on financial results and other measures of value creation.

Share options carry a right to buy Danske Bank shares between three and seven years after allotment provided that the employee has not resigned from the Group. The strike price of the options is computed as the average price of Danske Bank shares for 20 stock exchange days after the release of Danske Bank's Annual Report plus 10%.

Rights to buy Danske Bank shares under the conditional share programme are allotted as a portion of the annual bonus earned. The shares become available after three years provided that the employee has not resigned from the Group.

The fair value of the share options at the time of allotment is calculated according to a dividend-adjusted Black & Scholes formula based on the following assumptions at December 31, 2007: Share price 199.75 (2006: 250.04), dividend payout ratio 3.9 % (2006: 3.2%), rate of interest 4.5% to 4.9% (2006: 4.1% to 4.3%) volatility 22% (2006: 18%), average time of exercise 0.13 to 4.25 years (2006: 0.63 to 4.25 years). The lifetime of share options is seven years from allotment, consisting of a vesting period of three years and an exercise period of four years. The volatility is estimated on the basis of historical volatility.

The fair value of the conditional shares at the time of allotment is calculated as the share price less the payments made by the employees.

Intrinsic value is recognised in the year the share options and rights to conditional shares were earned, while time value is recognised during the vesting period of three years using the straight-line method. Realkredit Danmark has hedged the share price risk.

Note DKr m

8 **Share-based payment 2007**

cont'd

Share options - changes during the year

	Number			Fair Value (FV)		
	Executive Board	Other employees	Total	Exercise price (DKr)	At issue DKr m	End of year DKr m
Allotted in 2004, beg.	36,111	55,556	91,667	157.2	1.7	4.3
Exercised	-36,111	-38,889	-75,000			
Forfeited	-	-	-			
Other changes	-	-	-			
Allotted in 2004, end	-	16,667	16,667	157.2	0.3	0.8
Allotted in 2005, beg.	45,902	75,410	121,312	190.2	1.9	3.6
Exercised	-	-	-			
Forfeited	-	-	-			
Other changes	-	-	-			
Allotted in 2005, end	45,902	75,410	121,312	190.2	1.9	3.6
Allotted in 2006	30,300	55,900	86,200	244.6	1.4	1.4
Exercised	-	-	-			
Forfeited	-	-	-			
Other changes	-	-	-			
Allotted in 2006, end	30,300	55,900	86,200	244.6	1.4	1.4
Allotted in 2007	20,700	15,300	36,000	294.1	1.1	0.4
Exercised	-	-	-			
Forfeited	-	-	-			
Other changes	-	-	-			
Allotted in 2007, end	20,700	15,300	36,000	294.1	1.1	0.4

Held by the Executive Board, end of year

Year of allotment	2005		2006		2007	
	Number	FV	Number	FV	Number	FV
End of year (DKr m)						
Sven Holm	45,902	1.3	30,300	0.5	14,500	0.2
Carsten Nøddebo Rasmussen	-	-	-	-	6,200	0.1

In 2007, 75,000 share options were exercised at an average price of DKr264.

Note DKr m

8 **Share-based payment 2007**

cont'd

Conditional shares - changes during the year

	Number			Fair Value (FV)	
	Executive Board	Other employees	Total	At issue DKr m	End of year DKr m
Allotted in 2004, beg.	1,504	4,750	6,254	0.9	1.2
Exercised	-1,504	-4,750	-6,254		
Forfeited	-	-	-		
Other changes	-	-	-		
Allotted in 2004, end	-	-	-	-	-
Allotted in 2005, beg.	1,389	6,060	7,449	1.3	1.5
Exercised	-	-	-		
Forfeited	-	-529	-529		
Other changes	-	-368	-368		
Allotted in 2005, end	1,389	5,163	6,552	1.1	1.3
Allotted in 2006	2,649	9,705	12,354	2.7	2.5
Exercised	-	-	-		
Forfeited	-	-537	-537		
Other changes	-	-890	-890		
Allotted in 2006, end	2,649	8,278	10,927	2.4	2.2
Allotted in 2007	2,362	7,217	9,579	2.6	1.9
Exercised	-	-	-		
Forfeited	-	-361	-361		
Other changes	-	-1,627	-1,627		
Allotted in 2007, end	2,362	5,229	7,591	2.0	1.5

Held by the Executive Board, end of year

Year of allotment End of year (DKr m)	2005		2006		2007	
	Number	FV	Number	FV	Number	FV
Sven Holm	1,023	0.2	2,273	0.4	1,653	0.3
Carsten Nøddebo Rasmussen	366	0.1	376	0.1	709	0.1

In 2007, 6,254 rights to conditional shares were exercised at an average price of DKr265.

Note DKr m

8 **Share-based payment 2006**

cont'd

Share options - changes during the year

	Number			Exercise price (DKr)	Fair Value (FV)	
	Executive Board	Other employees	Total		At issue DKr m	End of year DKr m
Allotted in 2002-2003, beg.	38,400	41,200	79,600	118.5-140.8	1.7	7.3
Exercised	-19,200	-41,200	-60,400			
Forfeited	-	-	-			
Other changes	-19,200	-	-19,200			
Allotted in 2002-2003, end	-	-	-	-	-	-
Allotted in 2004, beg.	69,444	63,889	133,333	157.2	2.4	12.1
Exercised	-	-8,333	-8,333			
Forfeited	-	-	-			
Other changes	-33,333	-	-33,333			
Allotted in 2004, end	36,111	55,556	91,667	157.2	1.7	8.3
Allotted in 2005, beg.	88,525	75,410	163,935	190.2	2.5	10.7
Exercised	-	-	-			
Forfeited	-	-	-			
Other changes	-42,623	-	-42,623			
Allotted in 2005, end	45,902	75,410	121,312	190.2	1.9	7.9
Allotted in 2006	58,700	55,900	114,600	244.6	1.9	4.4
Exercised	-	-	-			
Forfeited	-	-	-			
Other changes	-28,400	-	-28,400			
Allotted in 2006, end	30,300	55,900	86,200	244.6	1.4	3.3

Held by the Executive Board, end of year

Year of allotment	2004		2005		2006	
	Number	FV	Number	FV	Number	FV
End of year (DKr m)						
Sven Holm	36,111	3.3	45,902	3.0	30,300	1.2
Carsten Nøddebo Rasmussen	-	-	-	-	-	-

In 2006, 68,733 share options were exercised at an average price of DKr221.8.

Note DKr m

8 **Share-based payment 2006**

cont'd

Conditional shares - changes during the year

	Number			Fair Value (FV)	
	Executive Board	Other employees	Total	At issue DKr m	End of year DKr m
Allotted in 2003, beg.	2,252	5,633	7,885	0.9	2.0
Exercised	-2,252	-5,633	-7,885		
Forfeited	-	-	-		
Other changes	-	-	-		
Allotted in 2003, end	-	-	-	-	-
Allotted in 2004, beg.	2,070	4,799	6,869	1.0	1.7
Exercised	-	-	-		
Forfeited	-	-	-		
Other changes	-566	-49	-615		
Allotted in 2004, end	1,504	4,750	6,254	0.9	1.6
Allotted in 2005, beg.	1,974	5,886	7,860	1.4	2.0
Exercised	-	-	-		
Forfeited	-	-	-		
Other changes	-585	174	-411		
Allotted in 2005, end	1,389	6,060	7,449	1.3	1.9
Allotted in 2006	4,400	9,910	14,310	3.2	3.6
Exercised	-	-	-		
Forfeited	-	-	-		
Other changes	-1,751	-205	-1,956		
Allotted in 2006, end	2,649	9,705	12,354	2.7	3.1

Held by the Executive Board, end of year

Year of allotment	2004		2005		2006	
	Number	FV	Number	FV	Number	FV
End of year (DKr m)						
Sven Holm	1,150	0.3	1,023	0.3	2,273	0.5
Carsten Nøddebo Rasmussen	354	0.1	366	0.1	376	0.1

In 2006, 7,885 rights to conditional shares were exercised at an average price of DKr223.0.

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
9	Audit fees				
	Total fees to the accounting firms elected by the annual general meeting which perform the statutory audit	2	2	2	2
	Fees for non-audit services included in preceding item	-	-	-	-
10	Tax (minus denotes a credit)				
	Estimated tax charge on the profit for the year	822	878	809	823
	Change in deferred tax as a result of lower tax rate	7	-	9	-
	Other deferred tax	28	-9	23	-4
	Re-adjustment of prior-year tax charge	-3	-8	-4	-8
	Tax on credit loss expenses etc.	-	-	-	-
	Total	854	861	837	811
	Effective tax rate				
	Current Danish tax rate	25.0	28.0	25.0	28.0
	Effect of lowering of tax rate	0.2	-	0.3	-
	Re-adjustment of prior-year tax charge	-0.1	-0.3	-0.1	-0.3
	Non-taxable items	-0.3	-0.2	-0.6	-0.5
	Other	-	-0.7	-	-0.7
	Effective tax rate	24.8	26.8	24.6	26.5
11	Due from credit institutions and central banks				
	On demand	9,518	9,223	9,514	9,211
	3 months or less	13,635	9,324	13,442	9,172
	Total	23,153	18,547	22,956	18,383
	Due from credit institutions	23,153	17,442	22,956	17,278
	Deposits at notice with central banks	-	1,105	-	1,105
	Total	23,153	18,547	22,956	18,383
	Portion attributable to reverse repo transactions	11,022	5,387	11,022	5,387
12	Bonds at fair value				
	Own mortgage bonds	148,011	150,312	148,011	150,312
	Other mortgage bonds	30,460	35,949	30,460	35,949
	Government bonds	9,527	3,499	9,527	3,499
	Total	187,998	189,760	187,998	189,760
	Own mortgage bonds set off against issued mortgage bonds	148,011	150,312	148,011	150,312
	Total	39,987	39,448	39,987	39,448

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
13	Total lending				
	Mortgage loans, nominal value	648,234	608,942	648,234	608,942
	Adjustment for interest-rate risk	-20,363	-6,290	-20,363	-6,290
	Adjustment for credit risk	62	68	62	68
	Mortgage loans at fair value	627,809	602,584	627,809	602,584
	Arrears and outlays	97	120	97	120
	Other loans	236	316	197	283
	Total	628,142	603,020	628,103	602,987
	Apart from being backed by mortgages on properties, the company's loans are backed by government, municipal and insurance guarantees of	21,480	23,151	21,480	23,151
	Pass books and bonds have been lodged and guarantees provided as supplementary security in a total amount of	51,169	61,847	51,169	61,847
	Realkredit Danmark has also received various declarations of indemnification without specification of amounts.				
14	Mortgage loans at fair value				
	Mortgage loans (nominal value) broken down by property category				
	Owner-occupied dwellings	58 %	58 %	58 %	58 %
	Holiday homes	3 %	3 %	3 %	3 %
	Subsidised residential property	10 %	11 %	10 %	11 %
	Private residential rental property	10 %	10 %	10 %	10 %
	Industrial and skilled trades property	3 %	3 %	3 %	3 %
	Office and retail property	7 %	7 %	7 %	7 %
	Agricultural property etc.	7 %	6 %	7 %	6 %
	Property for social, cultural and training activities	1 %	1 %	1 %	1 %
	Other property	1 %	1 %	1 %	1 %
	Total	100 %	100 %	100 %	100 %
	3 months or less	13,845	15,879	13,845	15,879
	3 months to 1 year	10,414	10,991	10,414	10,991
	1 year to 5 years	57,856	59,442	57,856	59,442
	Over 5 years	545,694	516,272	545,694	516,272
	Total	627,809	602,584	627,809	602,584
15	Loans and other amounts due at amortised cost				
	On demand	176	251	176	251
	3 months or less	9	9	5	6
	3 months to 1 year	30	35	20	27
	1 year to 5 years	55	68	33	49
	Over 5 years	63	73	60	70
	Total	333	436	294	403
16	Arrears and outlays				
	Arrears before impairment	101	126	101	126
	Outlays before impairment	18	29	18	29
	Impairment	22	35	22	35
	Total	97	120	97	120

Note DKr m

17 **Loans etc.**

At December 31, 2007, total impairment of mortgage loans stood at DKr62m, against DKr68m at the beginning of the year.

At December 31, 2007, impairment of loans carried at amortised cost stood at DKr28m, against DKr40m at the beginning of the year.

	Realkredit Danmark A/S			Effect on profit
	Loans, etc. individual impairment	Loans, etc. collective impairment	Total	
Impairment charges etc. at January 1, 2007	84	24	108	
Impairment charges during the year	29	8	37	37
Reversal of impairment charges for previous years	44	11	55	55
Impairment charges etc. at December 31, 2007	69	21	90	
Losses incurred				32
Recovery of previously booked losses				24
Effect on profit				-10
Impairment charges etc. at January 1, 2006	110	30	140	
Impairment charges during the year	32	10	42	42
Reversal of impairment charges for previous years	58	16	74	74
Impairment charges etc. at December 31, 2006	84	24	108	
Losses incurred				18
Recovery of previously booked losses				91
Effect on profit				-105

	Realkredit Danmark Group		Realkredit Danmark A/S	
	2007	2006	2007	2006
18 Holdings in associated undertakings				
Cost at January 1	16	16	16	16
Cost at December 31	16	16	16	16
Revaluations and write-downs at January 1	-16	-16	-16	-16
Reversal of revaluations and write-downs	10	-	10	-
Revaluations and write-downs at December 31	-6	-16	-6	-16
Carrying amount at December 31	10	-	10	-

*Associated undertakings are specified on page 45

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
19	Domicile property				
	The Group measures domicile property at cost less depreciation and impairment. The parent company, Realkredit Danmark A/S, measures it at the estimated fair value.				
	Carrying amount at January 1	125	119	180	158
	Depreciation	1	1	1	1
	Value adjustment recognised directly in shareholders' equity	-	-	6	21
	Value adjustment recognised directly in income statement	-	7	-	2
	Carrying amount at December 31	124	125	185	180
	Broken down by cost and depreciation and impairment:				
	Cost at January 1	177	177		
	Cost at December 31	177	177		
	Depreciation and impairment at January 1	52	58		
	Depreciation	1	1		
	Reversal of prior-year impairment	-	7		
	Depreciation and impairment at December 31	53	52		
	Carrying amount at December 31	124	125		
	Fair value of domicile property	185	180		
	The property is valued on the basis of assessments made by valuers of the Danske Bank Group.				

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
20	Other tangible assets				
	Cost at January 1	108	103	98	95
	Additions	7	7	5	5
	Disposals	79	2	79	2
	Cost at December 31	36	108	24	98
	Depreciation and impairment at January 1	91	87	84	81
	Depreciation	7	6	5	5
	Depreciation and impairment reversed due to sale etc.	79	2	79	2
	Depreciation and impairment at December 31	19	91	10	84
	Carrying amount at December 31	17	17	14	14
21	Deferred tax assets				
	Deferred tax assets relate to:				
	Reserves in early series subject to a reimbursement obligation	67	100	67	100
	Pension fund	-68	-69	-23	-25
	Land and buildings	-5	-6	-5	-6
	Other tangible assets	10	14	5	6
	Other	24	28	11	15
	Total	28	67	55	90
22	Other assets				
	Interest due	1,703	920	1,703	920
	Pension fund	272	248	93	91
	Property taken over under non-performing loans	5	1	5	1
	Other assets	663	757	622	713
	Total	2,643	1,926	2,423	1,725

Pension fund concerns defined benefit plan through Kreditforeningen Danmarks Pensionsafviklingskasse (see note 23).

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
23	Pension plans				
	Charge in respect of pension plans				
	Defined contribution costs	43	46	40	44
	Defined benefit costs	-	-14	22	102
	Total	43	32	62	146

When computing the net pension assets, the Realkredit Danmark Group uses the corridor method. This method is not, however, used by the parent company, Realkredit Danmark A/S.

Defined benefit plans

Present value of pension obligations				
fully or partly funded	975	1,012	975	1,012
Fair value of plan assets	1,068	1,103	1,068	1,103
Net pension asset, end of year, parent company	93	91	93	91
Actuarial losses not recognised	179	157		
Net pension asset, end of year, Group	272	248		

Change in net pension assets:	2007			2006		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Balance sheet at January 1, parent company	1,103	1,012	91	1,169	976	193
Expenses incurred during the financial year	-	2	2	-	41	41
Calculated interest expense	-	43	43	-	3	3
Estimated return on plan assets	55	-	55	58	-	58
Amortisation	-	10	10	-	-	-
Standard cost	55	55	-	58	44	-14
Actuarial gains or losses	-46	-24	-22	-61	55	-116
Employer contributions to the plans*	24	-	24	-	-	-
Benefits paid out by pension fund	-68	-68	-	-63	-63	-
Balance sheet at December 31, parent company	1,068	975	93	1,103	1,012	91
Actuarial gains or losses not recognised	-106	73	-179	-60	97	-157
Net asset, end of year, Group	1,174	902	272	1,163	915	248

* The Group expects to make total contributions of DKr2m for 2008.

Defined benefit costs	2007	2006
Standard cost, Group	-	-14
Actuarial gains or losses	-22	-116
Total, parent company	22	102

Note DKr m

23 **Pension plans**

cont'd

For defined benefit plans, the pension asset is recognised on the basis of actuarial calculations of the present value of the expected benefits. The present value at year-end was calculated on the basis of the following assumptions:

Average actuarial assumptions at December 31 (% p.a.):	2007	2006
Discount rate	5.49	5.19
Return on plan assets	5.49	5.19
Rate of inflation	2.50	2.50
Salary adjustment rate	2.75	2.75
Pension adjustment rate	2.75	2.75

The assumptions of mortality used to recognise the pension asset are based on the standard mortality table DB06

The assumptions applied entail that the average life expectancy for a pension fund member calculated at December 31, 2007 was 80.59 years for a 60-year old man and 83.85 years for a 60-year old woman, and 81.79 years for a 65-year old man and 84.81 years for a 65-year old woman.

Pension assets broken down by type (%)	2007			2006		
	Distribut., end	Estim. re- turn, beg.	Actual re- turn, end	Distribut., end	Estim. re- turn, beg.	Actual re- turn, end
Shares	3	-	3.2	3	-	25.8
Government and mortgage bonds	95	-	0.7	95	-	-0.5
Cash and cash equivalents	2	-	2.3	2	-	1.2
Total	100	5.2	0.8	100	5.2	0.2

Historical trend in defined benefit plans	2007	2006	2005
Present value of pension obligations	975	1,012	976
Fair value of plan assets	1,068	1,103	1,169
Net pension asset, end of year, parent company	93	91	193
Actuarial losses not recognised	179	157	41
Net pension asset, end of year, Group	272	248	234

Transactions with Realkredit Danmark Group:	2007	2006
Mortgage bonds	170	184
Interest income	9	8
Regular and single pension premiums	24	1

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
24	Due to credit institutions and central banks				
	On demand	10	4	10	4
	3 months or less	11,908	5,263	11,908	5,263
	Total	11,918	5,267	11,918	5,267
	Portion attributable to repo transactions	11,908	5,263	11,908	5,263
25	Issued mortgage bonds at fair value				
	Issued mortgage bonds, nominal value*	800,428	767,912	800,428	767,912
	Fair value adjustment	-21,573	-6,839	-21,573	-6,839
	Issued mortgage bonds at fair value, before set-off	778,855	761,073	778,855	761,073
	Set-off of own mortgage bonds at fair value	148,011	150,312	148,011	150,312
	Issued mortgage bonds at fair value	630,844	610,761	630,844	610,761
	3 months or less	65,802	70,145	65,802	70,145
	3 months to 1 year	143,850	156,477	143,850	156,477
	1 year to 5 years	214,360	214,762	214,360	214,762
	Over 5 years	206,832	169,377	206,832	169,377
	Total	630,844	610,761	630,844	610,761
	* Portion pre-issued	125,683	137,483	125,683	137,483
	* Portion issued as a block issue	6,131	-	6,131	-
	* Portion drawn at January 2, 2008, or in 2007	144,952	159,088	144,952	159,088
	Of the total fair value adjustment of issued mortgage bonds, the change in the fair value of own credit risk amounts to:	-	-	-	-
	Portion of the change in 2007:	-	-	-	-
	The amounts are calculated as the change due to circumstances other than changes in the benchmark interest rate, corresponding to the average yield on Danish mortgage bonds with an AAA rating.				
	The nominal value of issued mortgage bonds is equivalent to the amount payable at maturity.				
26	Other liabilities				
	Interest accrued	14,259	12,673	14,259	12,673
	Reserves in early series subject to a reimbursement obligation*	268	358	-	-
	Other creditors	1,144	940	1,130	927
	Total	15,671	13,971	15,389	13,600

*Classified on the balance sheet of the parent company, Realkredit Danmark A/S, under Provisions for liabilities.

Note	DKr m	Realkredit Danmark Group		Realkredit Danmark A/S	
		2007	2006	2007	2006
27	Reserves in early series subject to a reimbursement obligation*				
	Carrying amount, beginning of year	358	449	358	449
	Utilised	-96	-85	-96	-85
	Increase due to shortening of maturity	13	14	13	14
	Decrease due to change in discount rate	-7	-20	-7	-20
	Carrying amount, end of year	268	358	268	358

*Classified on the balance sheet of the Realkredit Danmark Group under Other liabilities.

Reserves in early series subject to a reimbursement obligation relate to mortgage loan agreements under which the borrower's share of the series reserve fund is disbursed to the borrower on repayment of the loan in accordance with the terms and conditions applying to the series. Until 2031, the Group's obligation will gradually be reduced in accordance with the individual borrower repayment profiles. Factors that affect the repayment profiles include changes in interest rates, cash flows, etc.

28	Security				
	The following assets have been deposited with Danmarks Nationalbank as security:				
	Bonds at fair value	22,440	22,257	22,440	22,257
	Portion issued by Realkredit Danmark	16,483	22,257	16,483	22,257
	Assets sold under repo transactions:				
	Bonds at fair value	11,916	5,207	11,916	5,207
	Portion issued by Realkredit Danmark	7,071	93	7,071	93

29	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.				
	Realkredit Danmark guarantees the pension obligations of Kreditforeningen Danmarks Pensionsafviklingskasse. See also note 23.				
	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.				
	The company 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 other commitments not recognised on the balance sheet.				

	Realkredit Danmark Group		Realkredit Danmark A/S	
	2007	2006	2007	2006
Guarantees, etc.				
Other guarantees	4	4	4	4
Total	4	4	4	4
Other contingent liabilities				
Irrevocable loan commitments regarding reverse mortgages	732	835	732	835
Other commitments	106	109	98	101
Total	838	944	830	936
Total contingent liabilities	842	948	834	940

Note DKr m

30 **Related party transactions**

Transactions between related parties are concluded and settled on market terms or on a cost-reimbursement basis. No unusual transactions have been made with associated and subsidiary undertakings.

Realkredit Danmark A/S made the below-mentioned major intra-group transactions with companies directly or indirectly associated with the Group/company.

	Realkredit Danmark Group		Realkredit Danmark A/S	
	2007	2006	2007	2006
Fees, etc. paid to Danske Bank A/S for the arranging and guaranteeing of mortgage loans	747	767	747	767
Fees received from Danske Bank A/S for referral of customers and for property valuation	94	116	94	116
Fees paid to Danske Bank A/S for managing Realkredit Danmark's IT operations and development, portfolio management and finance functions, etc.	397	372	370	349
Interest received by Realkredit Danmark A/S on outstanding accounts with Danske Bank A/S	400	323	392	320
Interest paid by Realkredit Danmark A/S on outstanding accounts with Danske Bank A/S	230	77	230	77
The company has paid pension premiums to the Danica Group	37	39	32	34
Amounts due from Danske Bank A/S	22,290	16,982	22,093	16,819
Loss guarantees from Danske Bank A/S	42,400	38,866	42,400	38,866
Other guarantees from Danske Bank A/S	22,732	17,824	22,732	17,824
Amounts due to Danske Bank A/S	11,918	5,174	11,918	5,174

The A.P. Møller - Maersk Group and A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal represent a party that has a significant influence on Danske Bank A/S and, by extension, on Realkredit Danmark A/S.

Transactions with this party included:

Mortgage loans	102	208	102	208
Interest income	5	3	5	3

Any amounts due to related parties in the form of issued bonds have not been included in the above outstanding accounts as such bonds are bearer securities. In these cases, the Group does not know the identity of the creditors.

31 **Loans etc. to management**

Mortgage loans established on market terms for:

Executive Board	4	4	4	4
Board of Directors	8	7	8	7

32 **Reporting to the Danish FSA**

	Realkredit Danmark Group			
	Net profit 2007	Net profit 2006	Sharehold- equity Dec. 31 2007	Sharehold- equity Dec. 31 2006
Difference between net profit and shareholders' equity in IFRS accounts and reporting to the Danish FSA is calculated as follows:				
Net profit according to the accounts	2,592	2,356	35,758	33,166
Domicile property	-	-17	61	54
Pension obligations	-22	-116	-179	-157
Tax effect	2	31	45	44
Net profit according to the rules of the Danish FSA	2,572	2,254	35,685	33,107

CREDIT RISK

Capital base

Realkredit Danmark is a licensed mortgage services provider and therefore must comply with the capital requirement of the Danish Financial Business Act. Danish law on capital adequacy is based on the EU capital requirements directives and applies to both the Parent Company and the Group.

The capital requirements specify a minimum capital base of 8% of the calculated risk. Detailed rules regulate the calculation of capital and risk (risk-weighted items). The difference between the carrying amount of shareholders' equity and the core (tier 1) capital and risk-weighted items is shown on page 17.

The purpose of capital management is to ensure efficient use of capital in relation to risk tolerance and business development. The Group must have sufficient capital to comply with regulatory capital requirements and to maintain an AAA rating with external rating agencies for issued bonds.

Credit risk

Realkredit Danmark grants loans on the basis of an assessment of the value of the property on which the loan is secured and the customer's ability and intention to repay the loan. The weighting of the assessment of the customer depends on the type of property.

In terms of the Capital Requirement Directive (CRD), this practice means that expectations of high Loss Given Default (LGD) – for property types that notoriously may suffer large declines in value – increase the importance attached to the assessment of the customer to ensure a low Probability of Default (PD). Conversely, for loans for property types with stable value and low expected LGD, less importance is attached to the assessment to ensure a low PD.

To a certain extent, single-family houses, and from 2007 also terrace houses and owner-occupied flats, are valued using Realkredit Danmark's property valuation model. The valuation of other properties is based on a physical inspection of the property. As a general rule, Realkredit Danmark's own valuation experts carry out the physical inspection of properties, but, in some cases, the valuation of owner-occupied dwellings is carried out by members of Realkredit Danmark's real-estate agency chain, "home". In these cases, Realkredit Danmark's valuation experts subsequently perform spot checks of the valuation.

The valuation of property is based on the current market value as well as the estimated long-term value of the property. Location, marketability and alternative use of the property are key elements in the assessment of the long-term value.

The assessment of the customer aims to ensure that the customer has the ability and intention to repay the loan. Assessment of the private customer segment is supported by Realkredit Danmark's priority customer concept and statistical score models.

For customers who do not have priority customer status, the assessment of the customer's ability to repay is based on a 30-year fixed-rate annuity loan.

Most loans can be approved by local offices. However, large loans and loans to customers or property involving a larger-than-normal risk must be approved by Realkredit Danmark's central credit division or, in some cases, by the Executive Board or the Board of Directors.

Following several years of large price increases in the Danish property market, prices stabilised in 2007 and even showed a falling trend in some areas. Owing to this price stabilisation, the very secure position obtained by Realkredit Danmark's loans during the preced-

ing years of rising property prices remained unchanged in 2007. This is reflected in Realkredit Danmark's average loan-to-value (LTV) ratio – calculated on the basis of the total amount of loans secured on each property – which stayed unchanged at 53% at the end of 2007 relative to the end of 2006. By comparison, the average LTV at the end of 2005 was 58%. The low LTV means that Realkredit Danmark is well covered against losses if customers default on their loans.

A large proportion of Realkredit Danmark's loans to the private market are arranged via Danske Bank branches with a loss guarantee. These guaranteed loans currently account for 68% of total lending to the private market. The guarantee covers the part of the loans that exceeds 60% of the original valuation of properties. Because of the guarantee, Realkredit Danmark very rarely incurs losses on these loans. At the end of 2007, the loss guarantee from the bank comprised loans for a total amount of about Dkr264bn, of which the bank guarantee covered a total of Dkr42bn.

The low arrear rates reflect the favourable financial situation of borrowers. After three months, arrears from the September 2007 payment date accounted for only 0.09% of the amount due. The low level indicates that there is no sign of an increase in credit loss expenses in the time to come.

As part of Realkredit Danmark's credit process, customers are classified according to risk, and the classification is regularly updated with new information. A scale of 10 rating classes is used: 1 being the highest rating and 10 the lowest. Ratings from 7-10 cover customers involving a risk. As appears from the table below, loans with an LTV greater than 80% granted to customers in these rating classes amount to Dkr350m. The risky loans thus account for 0.06% of total lending, which is on a par with the payment arrear rate.

Market risk

Realkredit Danmark's Board of Directors defines the overall framework for interest rate, equity market and exchange rate risks in accordance with the limits laid down in the Danish Mortgage Credit Loans and Mortgage Credit Bonds, etc. Act. Realkredit Danmark calculates, monitors and reports on these risks on a regular basis. By complying with the statutory balance principle, Realkredit Danmark eliminates interest rate, exchange rate and liquidity risks on most of its assets and liabilities.

Interest rate risk

The interest rate risk expresses the expected loss on fixed-income positions from a general increase in interest rates of 1 percentage point.

According to Danish law, the difference between interest payments and instalments received on mortgage loans and payments made on issued bonds may not result in an interest rate risk exceeding 1% of Realkredit Danmark's capital base, that is, Dkr357m. At the end of 2007, this interest rate risk amounted to Dkr64m, against Dkr19m the year before.

The interest rate risk on other assets and liabilities and on off-balance-sheet items, including in particular the proprietary investment portfolio, may not exceed 8% of the capital base, or Dkr2,859m, according to legislation. At the end of 2007, the interest rate risk on these items amounted to Dkr352m, against Dkr424m the year before.

At the end of 2007, the total interest rate risk amounted to Dkr282m, or 0.8% of the capital base. The year before, Realkredit Danmark's interest rate risk was Dkr443m.

Arrears	Loan portfolio		Loan to value			Arrears
	DKr m (nom.)		%			Sept.paym. in %
	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
Private market	386,214	373,783	53	53	0.08	0.05
Urban trade	77,313	71,424	44	43	0.13	0.13
Agriculture	43,726	37,976	49	46	0.13	0.05
Residential	120,556	119,401	59	62	0.10	0.13
Total	627,809	602,584	53	53	0.09	0.07

Portfolio broken down by Loan To Value and rating classes

DKr m	Rating				Total
	LTV	1-3	4-6	7-10	
0-20 %		98,620	144,617	36,351	279,588
20-40 %		65,499	107,036	28,974	201,509
40-60 %		30,410	58,786	19,314	108,510
60-80 %		9,276	17,761	7,952	34,989
> 80 %		1,807	1,050	356	3,213
Total		205,612	329,250	92,947	627,809

Derivatives	December 31, 2007			December 31, 2006		
	Notional value	Positive market value	Negative market value	Notional value	Positive market value	Negative market value
DKr m						
Interest rate contracts						
Forward/futures bought	92,919	4	14	95,775	12	15
Forward/futures sold	30,490	37	21	35,052	119	51
Currency contracts						
Forward/futures bought	125	-	-	29	-	-
Total		41	35		131	66
Outstanding spot transactions						
Interest rate contracts bought	798	1	-	893	1	-
Interest rate contracts sold	2,734	2	2	2,862	1	2
Currency contracts bought	223	-	-	373	-	-
Total		3	2		2	2

The statement covers the Realkredit Danmark Group as well as Realkredit Danmark A/S.

Equity market risk

The equity market risk is calculated as the market value of the Realkredit Danmark Group's equity portfolios and holdings in subsidiary and associated undertakings etc. Internal limits have been set for the overall equity market risk. At end-2007, the market value and hence the equity market risk amounted to DKr72m, against DKr105m the year before.

Exchange rate risk

Realkredit Danmark has only very small unhedged currency positions. The exchange rate risk is calculated in accordance with exchange rate indicator 2 of the Danish FSA and may, in accordance with legislation, not exceed 0.1% of the capital base, that is DKr36m. At the end of 2007, the exchange rate risk amounted to DKr2m, against DKr1m the year before.

Financial instruments

Financial instruments are employed exclusively for hedging purposes in relation to mortgage finance business (see the balance principle) and are carried at fair value in the accounts. In 2007, Realkredit Danmark used forwards, futures and repo/reverse transactions to hedge risk. The market risk on these instruments is included in the risk calculations mentioned above.

Pension risk

The Group's pension risk is the Group's risk of claims for further contributions to defined benefit pension plans for present and/or former employees. The Group aims to reduce the pension risk of the defined benefit pension plans in the same way that it handles other risks in the Group. To achieve this goal, the Group matches pension obligations with assets similar mainly in terms of maturity and volatility. Note 23 to the accounts specifies the Group's defined benefit pension plan.

Highlights, ratios and key figures

Realkredit Danmark Group

DKr m		2007	2006	2005	2004	2003
HIGHLIGHTS						
1.	Net interest and fee income	4,225	3,414	4,352	4,268	4,420
2.	Value adjustments	235	545	-291	-353	-430
3.	Staff costs and administrative expenses	1,184	1,162	1,242	1,347	1,588
4.	Credit loss expenses	-10	-105	-118	-18	24
5.	Income from associated and subsidiary undertakings	10	-	26	23	18
6.	Net profit for the year	2,592	2,356	2,417	2,066	1,917
7.	Loans	628,142	603,020	569,648	525,035	498,037
8.	Shareholders' equity	35,758	33,166	30,810	29,718	27,237
9.	Total assets	694,203	663,277	625,853	576,609	647,146
RATIOS AND KEY FIGURES						
1.	Solvency ratio, %	10.5	10.2	10.1	10.1	10.4
2.	Core (tier 1) capital ratio, %	10.5	10.2	10.0	10.0	10.3
3.	Return on equity before tax, %	10.0	10.1	10.5	9.5	9.6
4.	Return on equity after tax, %	7.5	7.4	8.0	7.2	7.3
5.	Cost/core income ratio, DKr	3.91	4.02	3.81	3.03	2.56
6.	Foreign exchange position, %	1.9	1.8	0.9	1.3	6.4
7.	Ratio of lending to shareholders' equity	17.6	18.4	18.5	17.7	18.3
8.	Growth in lending for the year, %	6.4	8.1	8.5	4.6	6.1
9.	Impairment ratio for the year, %	0.0	0.0	0.0	0.0	0.0

Realkredit Danmark A/S

DKr m		2007	2006	2005	2004	2003
HIGHLIGHTS						
1.	Net interest and fee income	4,214	3,407	4,344	4,262	4,415
2.	Value adjustments	235	549	-253	-353	-430
3.	Staff costs and administrative expenses	1,089	1,163	1,175	1,266	1,509
4.	Credit loss expenses	-10	-105	-118	-18	24
5.	Income from associated and subsidiary undertakings	47	45	78	59	52
6.	Net profit for the year	2,572	2,254	2,394	2,069	1,917
7.	Loans	628,103	602,987	569,621	525,007	498,007
8.	Shareholders' equity	35,685	33,107	30,831	29,756	27,237
9.	Total assets	694,116	663,201	625,860	576,631	647,135
RATIOS AND KEY FIGURES						
1.	Solvency ratio, %	10.5	10.2	10.1	10.1	10.4
2.	Core (tier 1) capital ratio, %	10.5	10.2	10.0	10.0	10.3
3.	Return on equity before tax, %	9.9	9.6	10.3	9.5	9.6
4.	Return on equity after tax, %	7.5	7.1	7.9	7.2	7.3
5.	Cost/core income ratio, DKr	4.14	3.88	3.96	3.16	2.64
6.	Foreign exchange position, %	1.9	1.8	0.9	1.3	6.4
7.	Ratio of lending to shareholders' equity	17.6	18.4	18.5	17.6	18.3
8.	Growth in lending for the year, %	6.4	8.1	8.5	4.6	6.1
9.	Impairment ratio for the year, %	0.0	0.0	0.0	0.0	0.0

For 2004-2007, items in the consolidated accounts are valued in accordance with IFRS and items in the parent company accounts in accordance with the executive order on financial reports issued by the Danish FSA on December 13, 2006. For 2003, items are valued in accordance with the rules in force at that time. The ratios are defined in the executive order on financial reports of credit institutions, etc. issued by the Danish FSA.

Group holding and undertakings

	Share capital (thousands)	Net profit* (DKr m)	Shareholders' equity* (DKr m)	Holding of share capital (%)
Realkredit Danmark A/S, Kgs. Lyngby	DKK 630,000	2,572	35,685	

Subsidiaries

Real-estate agency business:

home a/s, Aarhus

DKK 15,000

37

285

100

Other business:

Omegadane SARL, Paris

EUR 8

-

-

100

Associated undertakings

Other business:

e-nettet Holding A/S, Copenhagen

DKK 11,000

4

86

25

Further information on e-nettet Holding A/S:

Total assets DKr132m

Total liabilities DKr46m

Total income DKr12m

At December 31, 2007, the amount owed by

e-nettet Holding A/S to Realkredit Danmark

is DKr5m (December 31, 2006: DKr9m).

* According to the company's latest annual report

Series accounts 2007

Pursuant to the executive order on the presentation of series accounts by mortgage credit institutions, Realkredit Danmark A/S's annual accounts are broken down by the individual underlying mortgage credit associations as follows:

Note	DKr m	Jysk Grundejer- Kredit- forening	Ny jyske Kjøbstad- Credit- forening	Ny Jysk Grundejer- Kredit- forening	Østifternes Kredit- forening	Grund- ejernes Hypotek- forening	Husmands- hypotek- foreningen for Danmark
Income statement							
		2.0	1.8	0.1	4.4	0.3	0.0
1	Income from lending						
	Net interest etc.	5.1	4.9	9.5	13.9	1.5	0.0
1	Administrative expenses etc.	5.9	9.4	0.1	25.0	0.2	0.0
	Credit loss expenses	0.0	0.0	0.0	0.0	0.0	0.0
	Tax	0.3	-0.7	2.4	-1.7	0.4	0.0
2	Net profit for the year	0.9	-2.0	7.1	-5.0	1.2	0.0
Balance sheet - assets							
	Mortgage loans etc.	628.2	395.5	4.1	1,341.0	22.0	0.0
	Other assets	128.4	130.5	194.2	453.7	31.6	0.0
	Total assets	756.6	526.0	198.3	1,794.7	53.6	0.0
Balance sheet - liabilities and equity							
3	Issued bonds	660.3	440.8	4.8	1,517.4	26.0	0.0
	Other liabilities	11.9	8.3	3.1	28.3	0.9	0.0
4	Shareholders' equity	84.4	76.9	190.4	249.0	26.7	0.0
5	Total liabilities and equity	756.6	526.0	198.3	1,794.7	53.6	0.0
Note	DKr m	Provins- hypotek- foreningen for Danmark	Series not subject to a reimbursement obligation	Danske Kredit	Mortgage- covered bonds	Other reserves	Total
Income statement							
		0.3	89.0	16.2	16.4	2,737.3	2,867.8
1	Income from lending						
	Net interest etc.	0.6	52.0	8.8	130.7	1,874.5	2,101.5
1	Administrative expenses etc.	1.8	65.8	21.2	10.4	1,425.1	1,564.9
	Credit loss expenses	0.0	-23.4	0.1	0.0	13.2	-10.1
	Tax	-0.2	24.6	0.9	34.2	777.3	837.5
2	Net profit for the year	-0.7	74.0	2.8	102.5	2,396.2	2,577.0
Balance sheet - assets							
	Mortgage loans etc.	16.2	28,043.1	2,793.5	23,981.3	570,737.8	627,962.7
	Other assets	16.1	3,382.8	358.9	137,784.7	77,197.0	219,677.9
	Total assets	32.3	31,425.9	3,152.4	161,766.0	647,934.8	847,640.6
Balance sheet - liabilities and equity							
3	Issued bonds	21.8	30,090.9	2,980.7	154,129.9	608,433.7	798,306.3
	Other liabilities	0.5	496.1	49.8	2,553.5	10,227.9	13,380.3
4	Shareholders' equity	10.0	838.9	121.9	5,082.6	29,273.2	35,954.0
5	Total liabilities and equity	32.3	31,425.9	3,152.4	161,766.0	647,934.8	847,640.6

Note	DKr m	
1	<p>Pursuant to section 3(1) and (2) of the executive order on the presentation of series accounts by mortgage credit institutions, a share of net interest etc., equivalent to the ratio of the individual series reserve fund to other series reserve funds has been allocated to each series.</p> <p>Pursuant to section 3(3) of the executive order on the presentation of series accounts by mortgage credit institutions, the Danish FSA has approved the allocation of administrative expenses etc., to individual associations using a distribution scale by which the number of loans in the association is weighted at 3, and the principal of the loans is weighted at 1. The same distribution scale is used for allocation to individual series and series reserve funds; however, allocation to pre-1972 series is made in accordance with the statutes etc., of the associations in question.</p>	2007
2	<p>Net profit for the year, series accounts</p> <p>Net profit for the year, Realkredit Danmark A/S's annual accounts</p> <p>Transferred to other reserves etc.</p> <p>Revaluation of properties over shareholders' equity</p> <p>Net profit for the year, series accounts</p>	<p>2,571.9</p> <p>-0.7</p> <p>5.8</p> <hr/> <p>2,577.0</p>
3	<p>Issued bonds, series accounts</p> <p>Issued bonds, Realkredit Danmark A/S's annual accounts</p> <p>Own mortgage bonds, not offset in the series accounts</p> <p>Accrued interest, own bonds</p> <p>Issued bonds, series accounts</p>	<p>630,844.2</p> <p>148,010.7</p> <p>19,451.4</p> <hr/> <p>798,306.3</p>
4	<p>Shareholders' equity, series accounts</p> <p>Shareholders' equity, Realkredit Danmark A/S's annual accounts</p> <p>Reserves in pre-1972 series subject to a reimbursement obligation</p> <p>Shareholders' equity, series accounts</p>	<p>35,685.5</p> <p>268.5</p> <hr/> <p>35,954.0</p>
5	<p>Total assets, series accounts</p> <p>Total assets, Realkredit Danmark A/S's annual accounts</p> <p>Own mortgage bonds, not offset in the series accounts</p> <p>Accrued interest, own bonds</p> <p>Total assets, series accounts</p>	<p>694,115.9</p> <p>148,010.7</p> <p>5,514.0</p> <hr/> <p>847,640.6</p>
6	<p>Transfers to and from reserves subject to a reimbursement obligation</p> <p>In 2007, the following net transfers of funds to and from the reserves were made between individual associations and other reserves.</p> <p>Transferred from and to shareholders' equity:</p> <p>Series not subject to a reimbursement obligation</p> <p>Danske Kredit</p> <p>Other reserves</p> <p>Total</p>	<p>4,760.5</p> <p>-34.2</p> <p>-4,726.3</p> <hr/> <p>0.0</p>

The accounts of the individual series are available at Realkredit Danmark on request.

Financial highlights – Realkredit Danmark Group – quarters

NET PROFIT FOR THE PERIOD	Full year	Full year	Index	Q4	Q3	Q2	Q1	Q4
DKr m	2007	2006	07/06	2007	2007	2007	2007	2006
Administration margin	2,833	2,689	105	721	713	704	695	690
Net interest income	1,740	1,281	136	482	459	404	395	375
Net fees	-340	-233	146	-81	-92	-87	-80	-58
Net trading income	237	222	107	134	96	-3	10	107
Other income	160	324	49	34	38	46	42	43
Total income	4,630	4,283	108	1,290	1,214	1,064	1,062	1,157
Operating expenses	1,194	1,171	102	310	284	304	296	303
Profit before credit loss expenses	3,436	3,112	110	980	930	760	766	854
Credit loss expenses	-10	-105	10	-21	17	8	-14	-19
Profit before tax	3,446	3,217	107	1,001	913	752	780	873
Tax	854	861	99	239	222	174	219	253
Net profit for the period	2,592	2,356	110	762	691	578	561	620

BALANCE SHEET	Dec. 31,	Dec. 31,	Index	Dec. 31,	Sept. 30,	June 30,	March 31,	Dec. 31,
DKr m	2007	2006	07/06	2007	2007	2007	2007	2006
Due from credit institutions etc.	23,178	18,554	125	23,178	16,178	20,923	18,691	18,554
Mortgage loans	627,809	602,584	104	627,809	614,033	600,337	607,725	602,584
Bonds and shares	40,059	39,553	101	40,059	11,206	7,055	4,388	39,553
Other assets	3,157	2,586	122	3,157	2,365	1,819	1,889	2,586
Total assets	694,203	663,277	105	694,203	643,782	630,134	632,693	663,277
Due to credit institutions etc.	11,918	5,267	226	11,918	5,704	5,707	6,930	5,267
Issued mortgage bonds	630,844	610,761	103	630,844	591,261	580,310	585,083	610,761
Other liabilities	15,683	14,083	111	15,683	11,821	9,812	6,953	14,083
Shareholders' equity	35,758	33,166	108	35,758	34,996	34,305	33,727	33,166
Total liabilities and equity	694,203	663,277	105	694,203	643,782	630,134	632,693	663,277

Ratios and key figures	Full year	Full year	Q4	Q3	Q2	Q1	Q4
	2007	2006	2007	2007	2007	2007	2006
Net profit for the period as % p.a. of avg. shareholders' equity	7.5	7.4	8.6	8.0	6.8	6.7	7.5
Cost/income ratio, %	25.8	27.3	24.0	23.4	28.6	27.9	26.2
Solvency ratio (incl. of net profit for the period), %	10.5	10.2	10.5	10.4	10.4	10.2	10.2
Core (tier 1) capital ratio (incl. of net profit for the period)	10.5	10.2	10.5	10.3	10.4	10.2	10.2
Full-time-equivalent staff, end of period	519	738	519	717	720	736	738

Statement by the management

The Board of Directors and the Executive Board (the management) have today reviewed and approved the Annual Report of Realkredit Danmark A/S for the financial year 2007.

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the annual accounts of the Parent Company have been prepared in accordance with the Danish Financial Business Act. Furthermore, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at December 31, 2007, and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year starting on January 1 and ending on December 31, 2007. Moreover, in our opinion, the Management's Report gives a true and fair view of developments in the activities and financial position of the Group and the Parent Company and describes significant risk and uncertainty factors that may affect the Group and the Parent Company.

The management will submit the Annual Report to the general meeting for approval.

Copenhagen, January 31, 2008

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

Vice Chairman

Tonny Thierry Andersen

Max Jeppesen

Klaus Pedersen

Per Skovhus

Audit reports

Internal Audit's report

We have audited the accompanying Annual Report of Realkredit Danmark A/S for the financial year 2007, which comprises the management's report, the statement by the management, income statement, balance sheet, statement of capital, cash flow statement, notes to the financial statements and series accounts. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the financial statements of the Parent Company have been prepared in accordance with the Danish Financial Business Act. Furthermore, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

Basis of opinion

We conducted our audit in accordance with the executive order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with Danish auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free from material misstatement. The audit comprised all significant areas and risk areas and was conducted in accordance with the division of duties agreed with the external auditors, enabling the external auditors to the widest extent possible to base their audit on the work performed by the internal auditors.

We planned and conducted our audit such that we have assessed the business and internal control procedures, including the risk and capital management implemented by the management aimed at the Group's and the Parent Company's reporting processes and major business risks.

An audit also involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit did not result in any qualification.

Opinion

In our opinion, the business procedures and internal control procedures, including the risk and capital management implemented by the management, aimed at the Group's and the Parent Company's reporting processes and major business risks work satisfactorily.

Furthermore, we believe that the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at December 31, 2007, and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the year in accordance with the International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, in accordance with the Danish Financial Business Act in respect of the Parent Company's financial statements and in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

Copenhagen, January 31, 2008

Jens Peter Thomassen
Group Chief Auditor

Lene Christensen
Senior Manager

Independent auditors' report

To the shareholders of Realkredit Danmark A/S

We have audited the accompanying Annual Report of Realkredit Danmark A/S for the financial year 2007, which comprises the management's report, the statement by the management, income statement, balance sheet, statement of capital, cash flow statement, notes to the financial statements and series accounts. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the financial statements of the Parent Company have been prepared in accordance with the Danish Financial Business Act. Furthermore, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

Management's responsibility for the Annual Report

Management is responsible for preparing and presenting an Annual Report that gives a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, in accordance with the Danish Financial Business Act in respect of the Parent Company's financial statements and in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

We believe that the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at December 31, 2007, and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the year in accordance with the International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, in accordance with the Danish Financial Business Act in respect of the Parent Company's financial statements and in accordance with additional Danish disclosure requirements for annual reports of issuers of listed bonds.

Copenhagen, January 31, 2008

KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

Per Gunslev
State Authorised Public Accountants

Søren Peter Nielsen

Grant Thornton
Statsautoriseret Revisionsaktieselskab

Erik Stener Jørgensen

State Authorised Public Accountants

Ole Fabricius

Management and directorships

Under section 80(8) of the Danish Financial Business Act, financial institutions are required to publish information at least once a year about directorships held with the approval of the Board of Directors by persons employed by the Board (section 80(1) of the Act).

This page also lists directorships held by members of the Board of Directors outside the Realkredit Danmark Group. Information on board members who are members of the management of Danske Bank A/S includes the number of directorships in other wholly-owned subsidiaries of Danske Bank.

Board of Directors

Jakob Brogaard, Chairman

General Manager

Born on June 30, 1947

Director of:

DONG Energy A/S

Forsikringselskabet Danica, Skadeforsikringsaktieselskab af 1999

Danica Pension, Livsforsikringsaktieselskab

Danica Pension I, Livsforsikringsaktieselskab

Danica Liv III, Livsforsikringsaktieselskab

Kreditforeningen Danmarks Pensionsafviklingskasse (Chairman)

LR Realkredit A/S (Vice Chairman)

Member of the Financial Business Council

Sven Lystbæk, Vice Chairman

Member of the Executive Board of Danske Bank A/S

Born on September 26, 1951

Director of:

Nine wholly-owned subsidiaries of Danske Bank A/S

Kreditforeningen Danmarks Pensionsafviklingskasse

Multidata Holding A/S (Vice Chairman)

Multidata A/S (Vice Chairman)

PBS Holding A/S (Vice Chairman)

PBS A/S (Vice Chairman)

Ejendomsselskabet Lautrupbjerg A/S (Vice Chairman)

VP Securities Services A/S (Chairman)

Visa Europe Limited

Tonny Thierry Andersen

Member of the Executive Board of Danske Bank A/S

Born on September 30, 1964

Director of:

Six wholly-owned subsidiaries of Danske Bank A/S

Max Jeppesen (elected by the employees)

Credit Adviser, Realkredit Danmark A/S

Born on July 13, 1946

Klaus Pedersen (elected by the employees)

Corporate Adviser, Realkredit Danmark A/S

Born on January 30, 1947

Director of:

Kreditforeningen Danmarks Pensionsafviklingskasse

Per Skovhus

Member of the Executive Board of Danske Bank A/S

Born on September 17, 1959

Director of:

Two wholly-owned subsidiaries of Danske Bank A/S

Danmarks Skibskredit A/S (Vice Chairman)

The Danish Bankers Association (Vice Chairman)

ICC Danmark

Executive Board

Sven Holm

Chairman of the Executive Board and Chief Executive Officer

Born on July 4, 1946

Joined the Executive Board on April 1, 1997

Director of:

E-Nettet Holding A/S (Vice Chairman)

E-Nettet A/S (Vice Chairman)

home a/s (Chairman)

Kreditforeningen Danmarks Pensionsafviklingskasse

The Association of Danish Mortgage Banks (Vice Chairman)

Carsten Nøddebo Rasmussen

Member of the Executive Board

Born on August 15, 1964

Joined the Executive Board on December 1, 2006

Director of:

The Popular Educational Association, Kgs. Lyngby (Chairman)

home a/s (Vice Chairman)

The Association of Danish Mortgage Banks

Member of the Danish Securities Council



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